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DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1992

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

ON

H.R. 2608

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1992, AND FOR OTHER PURPOSES

Part 2 (Pages 1–556)

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DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1992

THURSDAY, MARCH 14, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:02 a.m., in room S–146, the Capitol, Hon. Ernest F. Hollings (chairman) presiding.

Present: Senators Hollings, Lautenberg, Adams, and Rudman.

DEPARTMENT OF JUSTICE

OFFICE OF THE ATTORNEY GENERAL

STATEMENT OF DICK THORNBURGH, ATTORNEY GENERAL

ACCOMPANIED BY:

- **GENE McNARY, COMMISSIONER, IMMIGRATION AND NATURALIZATION SERVICE**
- **J. MICHAEL QUINLAN, DIRECTOR, FEDERAL PRISON SYSTEM**
- **JOSEPH M. WHITTLE, U.S. ATTORNEY, WESTERN DISTRICT OF KENTUCKY**
- **K. MICHAEL MOORE, DIRECTOR, U.S. MARSHALS SERVICE**
- **CLIFFORD J. WHITE III, DEPUTY ASSISTANT ATTORNEY GENERAL, OFFICE OF JUSTICE PROGRAMS**
- **HARRY H. FLICKINGER, ASSISTANT ATTORNEY GENERAL FOR ADMINISTRATION**
- **MICHAEL J. ROPER, CONTROLLER**
- **ADRIAN A. CURTIS, DIRECTOR, BUDGET STAFF**

OPENING REMARKS

Senator HOLLINGS. This morning, the subcommittee will continue its fiscal year 1991 hearings with the Department of Justice. The Department is requesting a total of $9,744,838,000, representing an increase of $1.3 billion or 14 percent more than the amount appropriated last year.

Here to present the Department's budget request is our Attorney General, the Honorable Dick Thornburgh. We also have with us this morning Mike Quinlan, Director of the Federal Prison System; Gene McNary, Commissioner of the Immigration and Naturalization Service; Mike Moore, Director of the U.S. Marshals Service; and Cliff White with the Office of Justice Programs.

We are pleased to have you, General Thornburgh. Let me yield to my chairman over here. He is still in charge.

Senator RUDMAN. We are glad to have you here this morning, and I am anxious to hear your testimony. I have no other opening statement this morning.

Mr. Chairman.

PREPARED STATEMENTS

Senator HOLLINGS. Thank you a lot. General Thornburgh, we have got your statement. It will be included in its entirety in the record, and you can highlight it or render it as you wish.

Mr. THORNBURGH. Mercifully, I have a shortened version of the long statement, Mr. Chairman.

Senator HOLLINGS. Very good.

[The statements follow:]

STATEMENTS OF DICK THORNBURGH

Mr. Chairman and Members of the Subcommittee: I am pleased to be here today to present the President's 1992 budget request for the Department of Justice. I would also like to express my personal appreciation for the positive response that this Committee has given to the Department's requests throughout my tenure as Attorney General.

Since I appeared before you last year, the Department of Justice, with your help, has made significant advances in drug interdiction and prosecution, white collar criminal and civil prosecutions, environmental enforcement, and in guaranteeing what I and the President often refer to as the first civil right of every American: the right to be free from fear in our homes, on our streets, and in our communities. Today I would like to share some of those successes with you and ask for your continuing support.

Our 1992 budget totals nearly $10.6 billion, a 14 percent increase, reflecting the continuing growth of the Department's responsibilities. This budget continues the blueprint for a new decade of effective law enforcement.

LAW ENFORCEMENT

A top priority of the Department continues to be the battle against this Nation's drug problem. The 1991 National Drug Control Strategy Budget Summary calls for an overall drug control budget of nearly $11.7 billion in 1992, some $4.4 billion of which is attributable to the Justice Department. That is an increase of 15.8 percent over 1991, and includes the DEA, the FBI's anti-drug trafficking efforts, the Organized Crime Drug Enforcement Task Forces, drug prosecutions by the United States Attorneys, the Criminal and Tax Divisions, and the costs of assuring the safety and security of the courts and prisoners in drug cases.

Although the Justice Department concentrates its assets on drug law enforcement to reduce the supply of illegal drugs, we also recognize the importance of demand reduction efforts. The DEA, the FBI, and the Bureau of Prisons also are significantly involved in drug abuse prevention, education, and treatment. Furthermore, a significant portion of the grants distributed by the Office of Justice Programs are spent for this purpose. The Department is requesting $526 million for OJP in 1992.

In addition to our own commitment to the war against drugs, I must also acknowledge the many significant commitments we have received from other countries. For example, Colombia has been invaluable in helping to apprehend major drug kingpins and bring them to justice, both under former President Barco, and now under President Gaviria. We will continue to work with Colombia to strengthen their system of justice against the assault of the narco-violators, while continuing to seek the arrest and extradition of Colombian nationals who have violated United States drug laws.

Money laundering has long been an essential part of the drug trafficking business and it has become one of the Department's highest priorities. In Tampa, last November, five former Bank of Credit and Commerce International employees were sentenced in connection with laundering $14 million in cocaine profits for General Noriega. In December, the nephew and niece of the one-time Bolivian cocaine kingpin, Jorge Roca-Suarez, were indicted in California on drug trafficking and money laundering charges.

The list of drug successes is impressive, and it will continue to grow as we pursue the drug lords, their lieutenants, dealers and money launderers. While I doubt that we will ever fully eradicate the scourge of drugs, I look forward to the day when our successes in these efforts will result in decreasing budgets for anti-drug programs.

Similarly, white collar crime seriously undermines our system of values and must be attacked on many fronts ranging from savings and loan fraud to public corruption. The U.S. Attorneys, the Criminal Division, and the Tax Division, together with the FBI, are vigorously pursuing "crime in the suites" while the Civil Division tries to minimize the government's monetary losses.

Using the highly successful Dallas Bank Fraud Task Force as a model, we have expanded our efforts throughout the country. In June 1990, I appointed U.S. Attorney Jim Richmond as Special Counsel for Financial Institutions, with the sole responsibility of coordinating investigations and prosecutions in this area. On February 19, 1991, the President nominated Ira Raphaelson as Jim's successor.

Despite the exceedingly difficult and time consuming nature of financial institution fraud cases, by the end of February 1991 we had charged 653 individuals, convicted 460, and experienced only 18 acquittals—a 96 percent conviction rate. Seventy-nine percent of those convicted have been sent to prison, including sentences as long as 40 years for key officials at a number of institutions.

White collar crime, as we define it, includes financial institutions fraud, defense fraud, federally assisted housing fraud, securities and commodities fraud, public corruption and various kinds of environmental crimes. Now, we have begun to move against a serious generic drug approval wrongdoing and emerging insurance industry fraud.

In 1992, the Department has identified almost $633 million to support nearly 7,500 positions to combat white collar crime, including over $38 million in program increases to support 419 new positions in the FBI, the U.S. Attorneys, and the Criminal, Civil, Environment, Tax and Antitrust Divisions.

We are also pursuing general tax enforcement initiatives, and motor fuels excise tax investigations and prosecutions to combat tax evasion schemes that may cost the Treasury more than $1 billion per year.

In addition to the drug enforcement and white collar crime themes, several additional enforcement initiatives warrant attention. Within the Federal Bureau of Investigation, we are requesting increases in direct funding of 19 percent, from $1.7 billion to slightly more than $2 billion. The budget request provides 1,516 new positions, including 409 new agents for organized crime, investigative activities and for a Felon Identification System to automate criminal history records and court dispositions to aid State and local law enforcement agencies that need complete criminal history information on persons convicted of felonies.

Within the Immigration and Naturalization Service, we seek to expand the Detention and Deportation program and to strengthen the Border Patrol by assuring that assigned resources are actually at work on the border and that trained investigators are used most appropriately to locate, apprehend and deport criminal aliens found in the interior of the country.

The magnitude of the Federal Prison System's role reflects the results of the Department's prosecution efforts. A year ago, the Federal Prison Population was over 55,000; this month it is over 60,000. Right now, our federal prisons are operating at 160 percent of design capacity. We anticipate the need to provide for the custody of 71,590 prisoners in 1992. To meet these needs, we seek over $1.7 billion, an increase of approximately $350 million—or 33 percent—over 1991. This increase represents the cumulative effect of many years of effective prosecution by federal prosecutors.

Yet even with these increases, we continue to face the prospect of chronic prison and jail overcrowding. The United States Marshals Service is having increasing difficulty finding jail space for unsentenced prisoners in places convenient to the Federal courts. From 1991 to 1992, the total number of jail days is expected to increase from approximately 6.1 million to 7.6 million, or about 25 percent.

INFRASTRUCTURE

Another major initiative this year is strengthening of the Department's infrastructure. As a key element in our drug enforcement and white collar crime initiatives, we must be able to recruit and retain the best investigators and attorneys. Last fall, Congress enacted the Federal Employees Pay Comparability Act of 1990, as well as enacting many of the recommendations of the National Advisory Commission on

Law Enforcement. These laws provided for locality-based comparability adjustments to basic pay, changed a number of provisions relating to awards, allowances, and pay differentials, and made wholesale changes in the pay provisions relating to law enforcement officers. The 1992 budget includes the resources to implement these changes, as well as $2,000,000 for retention bonuses to help keep the best attorneys in government service.

We are also attempting to improve the "quality of life" through program initiatives such as improved office automation and consolidation of the Department's operations in the immediate vicinity of the main Justice Department building—including a day care center so that families can be closer together.

LEGAL ACTIVITIES

Let me turn now to our litigation initiatives. The vast resources that we commit to investigations would be useless without the litigators who daily carry the government's cause into court. The litigation and other legal work of the Department is conducted by a dedicated staff supported from three appropriations—U.S. Attorneys, General Legal Activities and the Antitrust Division.

The work of the U.S. Attorneys is the heart of the Nation's legal system, prosecuting most criminal cases in the 94 judicial districts, representing the Government in civil actions, and initiating actions to collect fines, penalties, and forfeitures. Our 1992 request totals $779 million, an increase of $104 million over 1991. Program enhancements here include increased transcription costs, pay adjustments for Assistant United States Attorneys, and enhanced physical security, as well as 151 positions needed to handle the growing criminal workload, and 182 positions for civil litigation, including implementation of the Federal Debt Collection Procedures Act.

For the Department's general legal activities, the 1992 budget request approaches $408 million, an increase of $63 million over the adjusted level for 1991. These increases will support implementation of the Americans with Disabilities Act and the Civil Rights Division's ability to review the equity of redistricting proposals by acquiring a Geographic Information System. This request also supports our efforts to send a strong, clear message that illegal pollution is a crime that this Administration will vigorously prosecute.

Debt collection and affirmative litigation must also be given greater priority. Failure to recover moneys owed the United States undermines national authority. These priorities cut across nearly every component within the Justice Department.

The Antitrust Division's funding has become increasingly complex. Filing fee receipts, under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, have steadily dropped, so the 1992 budget has been revised to reduce reliance on filing fees.

Finally, the Department's Inspector General will need additional funds to effectively ensure that the Department's program increases are soundly managed and efficiently used.

CONCLUSION

The Justice Department has become an increasing complex agency that has many closely interrelated activities. The sophistication and internationalization of crime, civil fraud and other violations of this Nation's laws make it increasingly important that we interact freely with other nations, other Federal agencies, and State and local governments. As these relationships develop, the budgetary process becomes more complicated. I look forward to 1992 as a year in which we can address more adequately a growing list of law enforcement priorities.

Mr. Chairman and Members of the Subcommittee: I am pleased to have this opportunity to present the President's 1992 budget request for the Department of Justice. I would also like to express my personal appreciation for the positive response that this Committee has given to the Department's requests throughout my tenure as Attorney General.

Since I appeared before this Subcommittee last year, the Department of Justice, with your help, has made significant advances in drug interdiction and prosecution, white collar criminal and civil prosecutions, environmental enforcement, and in guaranteeing what I and the President often refer to as the first civil right of every American: the right to be free from fear in our homes, on our streets, and in our communities. Today I would like to share some of those successes with you and ask for your continuing support.

VALUES, LAWS AND CRIME

The President and I have repeatedly advanced the view that the Nation's drug problem must ultimately be won on the battlefield of values. Our struggle against the debilitating effects of drugs, like our continuing struggle with so many of the problems we face today, must be won in the classroom, in the workplace, in our houses of worship, in our communities and, above all else, in the family. It will be won through the nurturing and transmission of values—human and spiritual values, in other words, American values.

In the past, we have focused that thought on the drug problem. Now, it is appropriate to extend this logic to white collar crime as well. In other words, we ought to extend these values to the kind of people who have had access to the benefits this society can bestow, and yet have yielded to baser instincts. The erosion of values which we have witnessed in many corporate boardrooms and public officials cannot be addressed by the mere adoption of laws. Values that summon us to do what we should do are far more effective contributions to a just society than laws that simply tell us what we must do. The more emphasis we place on fair and just values, the less we are likely to need to resort to law enforcement.

THE DEPARTMENT OF JUSTICE AND THE NATION

Civil litigation and criminal prosecution is society's way of enforcing its most basic values. It has therefore never been surprising to me that the Department grew slowly in its early years, when we, as a nation, were more tightly knit and family oriented, nor that it has grown much faster as society has become more diversified and the Department has been forced to grapple with more progressively complex problems.

For the first 80 years of this Nation, the Office of the Attorney General hardly grew at all. The Judiciary Act of 1789, in fact, provided for a part-time Attorney General, and it wasn't until 1870 that Congress passed an "Act to Establish the Department of Justice." This Act provided for a permanent staff, albeit a very small one. A vital element of the Department of Justice's organic act provided that the Department would have responsibility for all criminal prosecution and civil suits in which the United States had an interest. Today, the needs of the Department and the Government for improved centralized litigation management effectively to combat crime and defend against raids on the Treasury from dissipation are clearer than ever before.

My early predecessors would surely have difficultly grasping our 1992 budget, one that totals nearly $10.6 billion and employs over 96,700 work-years. Nonetheless, I am not hesitant to say that the confirmed growth in responsibilities assigned to the Department of Justice justifies the full request.

DEPARTMENT OF JUSTICE AUTHORIZATION ACT

This year, the Department will again submit an annual reauthorization request for most of its appropriations. With limited exceptions for specific programs, the Department has not been covered by a regular appropriations authorization act since 1980—more than a decade ago. For 1992, we will request that Congress eliminate the requirement that the Department be reauthorized on an annual basis. Instead, we will propose to substitute a general provision authorizing such sums as may be necessary to carry out the functions of the Department in future years. We think this will lead to a more appropriate and efficient budget process.

Separate legislation will be submitted codifying the various financial authorities for undercover and other activities that have been reenacted annually in the Department's appropriations acts, as well as other substantive authorities.

BUDGET REQUEST

As I have indicated, the Administration requests $10.6 billion for the Department of Justice—a 14 percent increase in total fund availability over 1991 funding—to continue the blueprint for a new decade of effective law enforcement that was first proposed in 1990 and which moved forward largely as proposed in 1991. If our request is enacted, the Department of Justice budget will have grown by 58 percent during the first three years of the Bush Administration.

As you know, of course, this Subcommittee does not need to act on the full $10.6 billion request. Our request is for $9.118 billion for 1992 under the discretionary spending cap established by the recent revisions to Gramm-Rudman-Hollings. This request for discretionary spending is an increase of $1.247 billion over the $7.871 billion appropriated in 1991, an increase of about 15.8 percent.

For mandatory accounts, though, we are requesting almost $93 million for Fees and Expenses of Witnesses, appropriate language to continue to pay approximately $27 million from the Public Safety Officers Benefits account, $500 million for the Civil Liberties Public Education Fund, and $4 million for Independent Counsels.

The remaining budget authority is mainly for four self-financing fee accounts of the Immigration and Naturalization Service, the Crime Victims Fund managed by the Office of Justice Programs, and the portion of the Assets Forfeiture Fund which is used to manage assets and provide equitable sharing payments to State and local law enforcement agencies. Similarly, estimated obligations of the Antitrust Division from pre-merger filing fees are excluded from the scoring for discretionary spending.

MAJOR INITIATIVES

The Department will be undertaking a number of initiatives under this spending authority. A top priority is our continuing struggle with this Nation's drug problem. In many cases, this effort is inexorably linked with our continuing efforts against violent and organized crime. Similarly, white collar crime seriously undermines our system of values and must be attacked on many fronts ranging from savings and loan fraud to public corruption. Debt collection and affirmative litigation must also be given greater priority because failure to recover moneys owed the Government undermines national authority. These principal priorities cut across nearly every component within the Department of Justice.

Within the Federal Bureau of Investigation, we seek to further develop our Felon Identification System. Within the Immigration and Naturalization Service, we seek to strengthen the Border Patrol by assuring that assigned resources are actually at work on the border and that trained investigators are used most appropriately to locate, apprehend and deport criminal aliens found in the interior of the country.

The Department has recently published proposed regulations implementing the Americans with Disabilities Act (ADA) and you can be assured that the Civil Rights Division will be vigilant in ensuring that persons with disabilities are assured the rights of all Americans. As the 1990 census is finalized and as the states begin to redistrict, we seek to enhance the Civil Rights Division's ability to review the equity of redistricting proposals. Finally, U.S. Attorneys will be focusing specific resources on the enforcement of hate crime laws.

Chronic prison and jail overcrowding requires that greater attention be given to a Department-wide approach to incarceration and detention. The Federal Prison System, of course, has responsibility for the care and housing of sentenced Federal prisoners. The United States Marshals Service is also involved in trying to find housing in State and local jails for unsentenced prisoners; unfortunately, these prisoners often must be transported long distances to Federal prisons or remote facilities because of the shortage of jail space near the Federal courts. The Immigration and Naturalization Service also routinely detains and deports a large number of illegal aliens; others who commit Federal crimes must be processed through the regular criminal justice system. As we prepare new facilities for increased populations, we must find the most effective way to utilize existing facilities.

Another major initiative of ours is strengthening of the Department's infrastructure. We are very pleased that Congress has enacted both general pay reforms and many of the recommendations of the National Advisory Commission on Law Enforcement. We are seeking the funds needed to implement these important Congressional enactments. In addition, other increases include the implementation of the Administration's initiative to provide audited financial statements, the strengthening of the audit capabilities of our Inspector General, the implementation of our nationwide litigation support system and the development of a nationwide case-tracking system, as well as other actions to improve financial systems, consolidate space, and better manage often complex litigation.

Most of these initiatives can best be discussed within the context of individual appropriation requests, but drugs and white collar crime cross so many jurisdictional and organizational lines, and have such widespread interest, that they demand a more holistic overview.

DRUG ABUSE AND CONTROL

In January 1991, the President transmitted the third National Drug Control Strategy to the Congress. The Strategy and its companion Budget Summary contain the Administration's overall drug control budget for 1992 which is close to $11.7 billion, well over $1 billion higher than the amount provided for 1991. The largest participant, as you might expect, is the Department of Justice with $4.4 billion.

As the National Drug Control Strategy states "[W]e must as a Nation—exert pressure on all parts of the problem simultaneously."

Although the Justice Department is known for its responsibilities in the a supply reduction mission, we are significantly involved in drug abuse prevention and education. The Drug Enforcement Administration and the Federal Bureau of Investigation have allocated resources to this effort; our grant programs fund many education and prevention programs at the state and local level; and we are engaging in a comprehensive drug abuse prevention, education and treatment program throughout the Bureau of Prisons. While we recognize the importance of the demand reduction effort, and strive to coordinate our endeavors with those of the Departments of Education and Health and Human Services, the preponderance of our drug control assets are nonetheless dedicated to reducing the supply of controlled substances.

Within the Department of Justice, the $4.4 billion drug control budget for 1992 is about $600 million over the 1991 estimate of $3.8 billion, an increase of approximating 15.8 percent.

The Drug Enforcement Administration continues to be our only agency with a mission singly devoted toward drug control. Its efforts are supplemented by the Federal Bureau of Investigation, which also targets major multijurisdictional drug trafficking organizations. There is also an increasing role played by Organized Crime Drug Enforcement Task Forces, an appropriation mandated by Congress to bring together the combined resources of 11 different organizations into 13 task forces to investigate and prosecute major drug trafficking rings. Smaller but significant drug law enforcement contributions are made by the Immigration and Naturalization Service, whose role includes apprehending drug traffickers who attempt to cross the borders and deporting criminal aliens and INTERPOL, which assists police organizations in identifying persons engaged in international drug activities. After suspects have been arrested, the Marshals Service has the responsibility for securing prisoners until their cases are disposed of by the courts.

Prosecution of drug traffickers is a primary responsibility of the United States Attorneys, but the Criminal and Tax Divisions greatly assist in this effort. Our approach to prosecuting drug traffickers goes well beyond prosecution of violations of drug trafficking statutes to include prosecution for money laundering, tax evasion, firearms possession, and other criminal statutes, as well as enforcement of civil penalties and tax collection.

The combined cost of investigating, prosecuting, and assuring the safety and security of the courts and prisoners involved in drug crimes in 1992 is budgeted at $2.13 billion, an increase of about $250 million (or 13.3 percent) over the 1991 planned amount of $1.88 billion.

The Department's expenditures from the Asset Forfeiture Fund are linked for budgetary purposes entirely with the war on drugs. The 1992 costs to the Fund are estimated at $382.5 million, a slight increase over 1991.

A major concern of the Department's overall drug demand reduction, interdiction and enforcement program is the magnitude of the Federal Prison System's role. In 1992, the projected funding level is $1.38 billion, an increase of approximately $350 million over the 1991 plan, which is a 33 percent increase. This increase represents the cumulative effect of many years of effort by Federal prosecutors and investigative agencies both within and outside the Department.

The Office of Justice Programs also contributes to our drug demand reduction and enforcement efforts. In 1992, the five agencies within this Office will have $526 million dedicated to anti-drug efforts, a slightly smaller amount than in 1991. The bulk of the funds are distributed to State and local governments and to community based organizations that can mount effective anti-drug abuse programs.

As the President noted in his foreword to the third National Drug Control Strategy, "* * * we are embarked on the right path: although much remains to be done and serious problems still confront us, numerous indicators show that we are beginning to see significant declines in drug use throughout the Nation."

The Department's budget and level of agency participation provide excellent measures of the Federal commitment to the war against drugs. There are other commitments, however, that are quite significant but more difficult to measure. There is no way to fully measure, for example, the commitment of the people of Colombia, our ally in the war on drugs. We have a common goal: to apprehend major drug kingpins and bring them to justice. Under former President Barco's administration, a score of international drug law violators were extradited to stand trial in the United States, and several have been extradited under the new administration of President Gaviria. I recently met with the Colombian President when he was in Washington to sign the Joint Declaration of Intent with the United States. Our support for President Gaviria and the Colombian people has not wavered. We will continue to work with them to strengthen the Colombian system of justice against the assault of the narco-violators, while continuing to seek the arrest and extradition of Colombian nationals who have violated United States drug laws.

As the President's National Drug Control Strategy states, we remain committed to the Andean Strategy. We will continue our efforts, not only in Colombia, but to the extent possible in Peru and Bolivia, as well as their neighboring drug transit countries throughout Latin America.

Mindful of the escalation in opium cultivation and heroin production, the Department of Justice is also committed to several international initiatives to combat this problem.

Drug production is also a very serious domestic problem. Marijuana is cultivated in every State, and is a major agricultural commodity in several States. Hawaii, for example, has had a serious cultivation problem. However, through the use of herbicidal eradication conducted as part of Hawaii's Operation Wipeout, we were able to reduce the crop to the point where Hawaii has had to become a marijuana importer! We have also seen a trend toward indoor and underground cultivation of marijuana, and the Drug Enforcement Administration has a comprehensive, nationwide program to address this horticultural phenomenon.

Money laundering has long been an essential part of the drug trafficking business. In Tampa last November, five former Bank of Credit and Commerce International employees were sentenced in connection with laundering $14 million in cocaine profits for General Noriega. In December, the nephew and niece of the one-time Bolivian cocaine kingpin, Jorge Roca-Suarez, were arrested and indicted in California on drug trafficking and money laundering charges.

Another Bolivian, Luis Arce Gomez, a former army colonel, was convicted of conspiracy to smuggle drugs into the United States in January 1991. January also netted the conviction of another drug kingpin, Ruben Zuno-Arce, the brother-in-law to a former Mexican President, and the Honduran drug kingpin, Juan Ramon Matta Ballestros.

The list of drug successes is impressive, and it will continue to grow as we pursue the drug lords, their lieutenants, dealers and money launderers. While I doubt that we will ever fully eradicate the scourge of drugs, I look forward to the day when our successes in these efforts will result in decreasing budgets for anti-drug programs.

WHITE COLLAR CRIME

The crisis in the savings and loan industry has resulted in significantly enhanced 1991 resources for investigating and prosecuting financial institutions fraud. The investigative responsibility for uprooting fraud in the savings and loan industry primarily resides in the White Collar Crime program of the Federal Bureau of Investigation. The U.S. Attorneys, the Criminal Division, and the Tax Division prosecute those who commit these "crimes in the suites" while the Civil Division tries to minimize the Government's monetary losses.

White collar crime, as we define it, includes fraud in banks, savings and loan associations, the defense industry, Federally assisted housing, securities and commodity markets, and in the offices of Federal, State, and local officials. Now, we have begun to move against a serious generic drug approval scandal and emerging insurance industry fraud.

As you know, the Department has been actively pursuing fraud in the savings and loan industry, especially in the past couple of years. We established the highly successful Dallas Bank Fraud Task Force in 1987 and, based on its model, 27 task forces in various locations throughout the country have now been established. In June 1990, I appointed as Special Counsel for Financial Institutions, an experienced U.S. Attorney, James Richmond, whose sole responsibility was the coordination of investigations and prosecutions in this area. On February 19, 1991, the President nominated Ira Raphaelson, as Jim's successor; his nomination is now pending before the Senate.

Speaking as a former prosecutor, financial institution fraud cases are exceedingly difficult and time consuming cases to prove. Nonetheless, by the end of January 1991, we had charged 618 individuals, convicted 433, and experienced only 18 acquittals. And seventy-nine percent of those convicted have been sent to prison. For example, after a three and a half year investigation of Vernon Savings and Loan, we obtained convictions of eight top officers and a large borrower. Chief Executive Officer Woody Lemons was sentenced to 30-years in prison and Don R. Dixon, formerly a majority shareholder, was convicted on 23 counts. In the Sunbelt Savings and Loan cases, involving misdeeds relating to the purchase of $700 million in real estate, we obtained over a dozen convictions.

In the Lincoln Savings and Loan case, we obtained a guilty plea on fraud charges in October 1990 from Ernest Garcia, who controlled a real estate development firm involving a $30 million line of credit from Lincoln. We secured two important convictions in Oklahoma last year, obtained a guilty plea from the chief financial officer of a Minneapolis savings and loan association, and just this January got very long sentences for the co-owners of the Guaranty Federal Savings and Loan Association of Dallas.

In 1992, the Department has identified almost $633 million to support nearly 7,500 positions to combat white collar crime. This includes over $38 million in program increases to support 419 new positions. The preponderance of the increases are for the Federal Bureau of Investigation, but resources have again been added for the Criminal Division to combat financial institutions fraud. Within a broader coalition of Department components committed to white collar crime, we include the criminal prosecution resources of the Antitrust Division, the Environmental and Natural Resources Division and the Tax Division. Also included are positions in the U.S. Attorneys Offices to prosecute environmental crimes. Furthermore, resources of the Civil Division to prosecute civil defense procurement fraud, financial institution fraud and qui tam cases are included as well.

Not included within the traditional definition of white collar crime, but certainly as a complement to that program, we are requesting an additional 186 positions for the United States Trustees to improve oversight, audit and investigation of the private bankruptcy trustees. Also complementary are new initiatives in general tax enforcement, large tax case management, and motor fuels excise tax investigation and prosecution.

Our view of white collar crime is to integrate the resources necessary from many different approaches. Criminal cases can frequently be found in civil investigations and where we may not be able to prove guilt in a criminal case, we can pursue civil sanctions and fraudulently acquired funds.

DEPARTMENT OF JUSTICE INFRASTRUCTURE

The mammoth drug problem and white collar crime initiatives were given special attention because of their magnitude and complexity, but both of them will fail unless we are able to recruit and retain the best investigators and attorneys. We are fortunate to have a very skilled and professional cadre of employees, and we take the best: and that translates into a winning record in court. Our record for hiring minorities is clear: we consistently have hired more members of minority groups as new attorneys (14.2 percent of our Honors Program hires last year) than the percentage of minority group members in the graduating classes from which we hire.

We in the Department have worked hard to provide improvements in the compensation of all of our employees. Last fall, the Congress enacted the Federal Employees Pay Comparability Act of 1990 and the Federal Law Enforcement Pay Reform Act of 1990, including many of the recommendations of the National Advisory Commission on Law Enforcement. These Acts provided for locality-based comparability adjustments to basic pay, changed a number of provisions relating to awards, allowances, and pay differentials, and made wholesale changes in the pay provisions relating to law enforcement officers. The 1992 budget includes the resources to implement these changes. In addition, we are requesting $2 million for retention bonuses to help keep the best attorneys in government service.

But there is more to meeting the needs of our Government servants than mere compensation. We are attempting to do more to make the Department of Justice a more efficient and effective place to work by giving emphasis to the quality of life. There are a number of program initiatives shown in various budget requests that strengthen the infrastructure of the Department. For example, our budget request includes $1.8 million to continue Facilities Program 2000, designed to identify organization requirements for acquisition and renovation of space in the immediate vicinity of the Justice Department building. This program will consolidate the Department's headquarters and make communication easier and increase our esprit de corps. In terms of current costs, the full cost of space rental is included in our requests as a mandatory increase. With regard to facilities, one of the things to which I am committed is the creation of a day care center so that families can be closer together. Studies have demonstrated that these "little things" are real investments that will pay the Government back many times.

To better assist our investigators and litigators to work more effectively and efficiently, we are requesting $5 million for the design of a single integrated case management system for all litigating components. With an integrated system "on-line," our people will be able to work more closely as a team by knowing more about the big picture and by being able to locate other cases and experience that parallels their own.

Finally, we are determined to move forward with our legal activities office automation program. Within the 1992 budget, this includes program increases of $4 million to bring additional litigating divisions and United States Attorneys into the Eagle system, as well as $14 million in mandatory increases to annualize current lease and maintenance plans. When this project is fully completed, coordination of our litigation efforts will be greatly improved through easier development, drafting and transmission of documents and information. I believe that this system will substantially improve our ability to litigate and thereby contribute to making our litigators' difficult jobs much easier.

INDIVIDUAL COMPONENTS

Beyond these across-the-board initiatives, we are requesting funds for each component of the Department. Generally, the components are grouped under their primary mission: law enforcement, litigation, corrections, and State and local assistance efforts, and overall administration.

LAW ENFORCEMENT

Organized Crime Drug Enforcement Task Forces

One of the most successful Government efforts in fighting the war on drugs is the work of the Organized Crime Drug Enforcement Task Forces. The concept of multi-agency task forces headed by U.S. Attorneys stems back to October, 1982, when President Reagan announced the proposal at the Department of Justice. Each of the current 13 Task Force regions has access to the skills of the 11 different agencies that regularly participate in the program. The purpose of the Task Forces is to work in combination with State and local investigators and prosecutors to target and destroy major narcotic trafficking and money laundering operations. One very recent example of a successfully conducted mission was the arrest of 11 members of the Benefiel organization in Ranger, Texas which is documented as having operated a methamphetamine trafficking organization for over 10 years.

In 1992, the request for Organized Crime Drug Enforcement includes an increase of $67 million over the 1991 appropriation of $335 million. An additional 331 agents and 76 attorneys accompany this request. For the first time, the Task Force strength will be high enough to allow expansion into non-metropolitan areas.

Federal Bureau of Investigation

The Federal Bureau of Investigation has broad authority to investigate violations of Federal criminal law, protect the United States from hostile intelligence efforts, and to assist other Federal, State, and law enforcement agencies to perform their tasks effectively.

From 1991 to 1992, we are requesting increases in direct funding of 19 percent, from $1.7 billion to slightly more than $2 billion. The budget request provides 1,516 new positions, including 409 new agents. During 1992, increased anti-drug resources of $25 million and 229 positions (including OCDE resources) will be applied to the Southwest Border area, small cities and rural areas which have been used more and more frequently as a base for criminal activities.

The white collar crime program would receive an additional 347 positions and almost $30 million, the majority of which would be directed at financial institutions fraud. Other enhancements would be provided to investigate bankruptcy fraud, investigate fraud in the Department of Housing and Urban Development programs and to step up work in the public corruption area.

To combat organized crime, another of the Department's priorities, we are requesting an increase of 67 positions and nearly $4.9 million, to be targeted primarily toward Asian organized crime and civil RICO cases.

In support of the FBI's investigative activities, increases are requested for training, forensic services, automated data processing and telecommunications, information management, and for a multitude of purposes in the Technical Field Support and Equipment program. We are requesting 471 positions and slightly more than $63 million for other investigative activities in other field programs.

An important new initiative is to establish a database necessary to implement a Felon Identification System. We will be submitting a reprogramming request to initiate this automation effort in 1991. This effort will require an additional 487 positions and $12.5 million in 1992 to continue the automation of millions of criminal history records and 2.8 million court dispositions to aid State and local law enforcement agencies that need complete criminal history information on persons convicted of felonies.

Drug Enforcement Administration

As the lead drug enforcement agency at the federal level, the Drug Enforcement Administration has the mission of controlling abuse of narcotics and dangerous drugs by restricting their aggregate supply. The Drug Enforcement Administration has a vast array of programs to respond to different patterns of drug trafficking and abuse.

Our $748 million request for 1992 is $54 million over the 1991 appropriation. This includes program increases totaling 283 positions and $41.5 million.

We are requesting for the domestic enforcement program 115 positions and almost $12 million to respond to new threats from cocaine, heroin, and clandestine laboratories. This increase will support an additional 86 agents.

As a further enhancement of the effective State and Local Task Force program, we are seeking over $8.5 million and 70 positions to support seven additional permanent task forces. By the end of 1991, 60 task forces are planned for permanent funding status and the creation of more provisional task forces is constantly being evaluated.

Another $1.3 million is being requested to coordinate the eradication of marijuana in States with significant cultivation problems, and another $3.7 million is to prevent diversion of legal substances into drug trafficking. Most of the latter amount is to implement the Chemical Diversion and Trafficking Act of 1988, which was designed to cut off the flow of essential chemicals to clandestine laboratories.

To enhance international narcotics control, we are requesting 14 positions and $3.1 million to staff offices of the Foreign Cooperative Investigations program in five Latin American nations.

In support of front line activities, increases are needed mainly for ADP and telecommunication improvements, to operate six new forfeited aircraft, replace vehicles, and funds to initiate an architectural and engineering study to collocate two laboratories located in the Washington, D.C. metropolitan area.

Immigration and Naturalization Service (INS)

Over the last few years the financial structure of the INS has changed substantially because a number of functions once funded by appropriations to the Department are now funded by user fees. For example, inspections at airports and seaports are now financed through the Immigration User Fee account; adjudication of alien status and naturalization, and more recently the refugees and overseas programs, are funded out of the Immigration Examinations Fee account; and in 1991, the Committees on Appropriations acted to establish a pilot project at one or more land border ports of entry where fees could be charged for expedited inspections. The Immigration Legalization account, established in conjunction with the Immigration Reform and Control Act of 1986, collects fees for filing for both temporary and permanent legalization, and will be phased out by the end of 1992. The various fee accounts have allowed the Service to respond to increased demands without a strain on the Treasury.

Although many activities utilize fee receipts, the appropriation for the INS will exceed $1 billion for the first time, if our 1992 request is sustained. This figure includes an increase of 733 positions and more than $121 million over the 1991 level. The funding increase includes $53 million in base adjustments and $68.5 million in program increases. More than half of the program increase ($36 million) is for the Detention and Deportation program, which includes 500 beds in a joint contract facility with the Bureau of Prisons in the San Diego area and increases to allow safer operation of existing Service Processing Centers. The Detention and Deportation request also includes additional funding for the deportation of aliens and related costs. In addition to the Detention and Deportation program request, another $7.1 million is budgeted to construct and expand Service Processing Centers and border patrol stations.

For the Investigations program, $7.2 million is requested for 150 investigators to replace border patrol agents now located in the interior who more properly should be reassigned to strengthen our presence along the Southern border. The remaining Investigations increase is to establish a National Enforcement Operations Center that will enable the Service to respond to inquiries, on a 24-hour basis, from other law enforcement agencies encountering aliens involved in criminal conduct.

Deportation proceedings are now escalating to the point where 60 additional Legal Proceedings positions are needed to handle the caseload associated with new immigration judges in the Executive Office for Immigration Review for deportation proceedings, deportations that focus heavily on aliens who commit violent crimes.

The request also includes more resources for land border inspections, better integration of border sensor operations, purchase of vehicles, as well as smaller increases for security and improved anti-smuggling activities.

U.S. Marshals Service

The Marshals Service has a variety of functions, including the apprehension of fugitives, the support of prisoners, and the segment of the Fees and Expenses of Witnesses appropriation that funds protected witnesses.

For 1992, the operating account of the Marshals Service has a request for $346.7 million and 3,908 positions, a request which includes $41. 7 million and 395 positions for program increases. The more rapidly growing Support of U.S. Prisoners request for 1992 is for $228.1 million, a request that includes $5 million to move forward with additional Cooperative Agreement Program projects. Within the Care of U.S. Prisoners activity, the Marshals Service plans to be a major per diem occupant of a large jail being constructed in Leavenworth, Kansas without Federal funding. The overall increase for this appropriation from the 1991 enacted level is $35.1 million.

The enactment of the Judicial Improvements Act of 1990, which established 85 new Federal judgeships, automatically carries with it the need for additional judicial protection on the part of the Marshals Service. The sheer growth in Federal cases, ranging from drugs and violent crime to white collar crime, relentlessly drives up the need for judicial security, prisoner transportation, seized asset management, training, increased use of automation, and a variety of financial management improvements. The special functions performed for the D.C. Superior Court in the District of Columbia also require additional staffing.

Although the planned improvements in the National Prisoner Transportation System will enable the Department to use available space more effectively, we must still find a way to pay approximately 875 jails a per diem rate that is expected to average $47.18 per day in 1992. From 1991 to 1992, the total number of jail days is expected to increase from approximately 6.1 million to 7.6 million, or about 25 percent. Medical costs are expected to increase substantially, but average daily costs for jail days are expected to rise only about 5 percent.

LEGAL ACTIVITIES

The vast resources that we commit to investigations would be useless without the litigators who daily carry the Government's cause into court. The litigation and other legal work of the Department is conducted by a dedicated staff supported from three appropriations—U.S. Attorneys, General Legal Activities and the Antitrust Division. Resources to pay expenses of witnesses who appear on behalf of the Government are paid from the Fees and Expenses of Witnesses account. In addition, separate appropriations are provided for the related activities of the United States Trustees.

United States Attorneys

The work of the U.S. Attorneys is the heart of the Nation's legal system. In the 94 judicial districts, the United States Attorneys play the linchpin role of prosecuting criminal cases, representing the Government in civil actions, and initiating actions to collect fines, penalties, and forfeitures. Within any U.S. Attorneys office, there are new challenges which make the work both stimulating and difficult.

Our 1992 request for direct funding totals $779 million, an increase of $104 million over the amount we anticipate will be available for 1991. The request is divided nearly evenly between mandatory increases and program enhancements.

Program enhancements totaling $54.6 million are proposed for 1992. Across-the-board increases include $5 million for increased transcription costs, approximately $5.5 million for pay adjustments for Assistant United States Attorneys, and almost $2.7 million to enhance physical security. This leaves $41.4 million for true program enhancements. These enhancements include 151 positions and $22.5 million in new resources needed to handle the growing criminal workload.

The request also includes 182 positions and $15.2 million for civil litigation. The civil litigation enhancements include new resources for debt collection as we implement the Federal Debt Collection Procedures Act, taking affirmative action on matters where the Government believes money should be recovered, defending the Government against an increase in civil cases filed, and providing funding for more Civil RICO cases.

General Legal Activities

The General Legal Activities appropriation funds 10 Washington based activities, including five of the Department's six legal divisions; the Solicitor General; the Office of Legal Counsel; the U.S. National Central Bureau, INTERPOL; Legal activities office automation; and the Special Counsel for Immigration Related Unfair Employment Practices. The specialized roles played by each are very important in litigating the objectives of the United States.

In 1992, the budget request for this appropriation approaches $408 million, an increase of $63 million over the adjusted level for 1991. Because the request includes a large number of relatively small increases, only a few of them can be highlighted.

Civil Rights Division

Among the Department's priorities within this appropriation are two increases for the Civil Rights Division. First, our request includes a supplemental request of $2.3 million in 1991 followed by an additional increment of another $2.3 million in 1992 for implementation of the Americans with Disabilities Act. Second, we are requesting, in a 1991 supplemental request and in the 1992 budget request, resources for the Voting Section to purchase a Geographic Information System along with the necessary data and positions for its use. This system will help the Voting Rights Section address the redistricting plans that will result from the 1990 census.

Environment and Natural Resources Division

Program increases for the Environment and Natural Resources Division aggregate to 49 positions and $5.2 million, most of which is to continue to aggressively pursue the Administration's goal of sending out a strong, clear message that pollution is not just an unfortunate by-product of an industrialized America—it is not something that just happens—it is a crime, a crime that this Administration will seek to prosecute and eradicate. Our Environmental Crimes Section has consistently sought to prosecute both corporations and individuals, particularly responsible corporate officers, to maximize the deterrent effect of imprisonment and significant fines.

Civil Division

The largest component within this appropriation is the Civil Division. We appreciate the substantial program increases included in the 1991 appropriation, and we are working to fill these positions as quickly as possible, within the constraints of available space and equipment. Therefore, additional personnel for the financial institutions fraud program are not being requested at this time. Program increase requests total 17 positions and $3.3 million to develop regulations and implement the Radiation Exposure Compensation Act of 1990. Another increase is to handle contract fraud at overseas military installations.

Tax Division

The Commissioner of Internal Revenue has testified that a one percent swing in voluntary compliance with the tax laws will increase—or decrease—revenue each year by $5 billion. Not surprisingly, one of the Tax Division's primary missions is to increase the voluntary compliance rate and minimize the "tax gap." Tax Division program increases total 39 positions and $3 million; eight positions are for a general enforcement initiative. Perhaps the most important specific initiative is to prosecute fraudulent schemes designed to avoid the motor fuel excise tax which we believe results in the loss of about $1 billion in revenue each year. Increased resources are needed to trace taxable revenues buried in the complex web of bankruptcies associated with the issuance of junk bonds. Increases are also requested for office automation management, court transcription costs, and appellate activities.

Criminal Division

Our Criminal Division is, of course, a mainstay in our drug enforcement and white collar crime initiatives. The Criminal Division program increases total $5.6 million, which will go largely to support 41 new positions. The new resources will focus largely on prosecuting fraud in defense procurement, housing, insurance, health care, and pension funds. Money laundering, processing wiretap requests, handling increased workload in the witness protection area, and a variety of automation initiatives round out the request.

Office of Special Counsel

Over $900,000 is requested for the Special Counsel for Immigration Related Unfair Employment Practices to assure that enforcement of employer sanctions under the Immigration Reform Act of 1986 does not result in discrimination against authorized workers.

Legal Activities Office Automation

As I have previously noted, the Department is determined to move forward with its legal activities office automation program. Within the 1992 budget, this includes program increases of $4 million to bring additional litigating divisions and United States Attorneys into the Eagle system and $14 million in mandatory increases to annualize current lease and maintenance plans.

Antitrust Division

The Antitrust Division is funded through a separate appropriation. Following the establishment of pre-merger filing fees under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, the financing of the Antitrust Division has become increasingly complex. Filing fee receipts have steadily dropped during the time in which such fees were intended to enhance antitrust activities. In 1992, the Administration requests a program level of $58.9 million, which includes $10 million in estimated merger filing receipts. The main thrust of the budget request is to reduce reliance on filing fees by funding 64 positions in the Preservation of Competitive Market Structure program though an increase in the appropriation of $5 million.

The Administration is again proposing to terminate the Interstate Commerce Commission and disperse remaining activities. A legislative proposal is pending which would result in the transfer of $811,000 to the Justice Department to review rail mergers and related matters after the Commission is terminated.

Fees and Expenses of Witnesses

To support our litigation efforts, fees and expenses are paid to witnesses who appear on behalf of the Government, either as fact or expert witnesses, as well as physicians ordered by the courts to perform mental competency examinations. Subsistence expenses are paid for witnesses and their families who are admitted to the Government's witness protection program. In addition, funds are available to pay restitution to victims harmed by protected witnesses and to pay private counsel expenses for certain Government employees sued for actions while performing official duties.

The budget request includes a 1991 supplemental appropriations request of $9.2 million to reflect increased costs for fact witnesses, in line with the provisions of the Judicial Improvement Act of 1990 and several new initiatives related to protected witnesses. The 1992 request for $10.8 million in program increases is about equally divided between the increased costs of expert witnesses and a variety of costs associated with providing better protection to an increased number of protected witnesses.

An unforeseen problem arises from the January, 1991, Supreme Court decision in *Demerest* v. *Manspeaker* that inmates testifying at Federal trials are entitled to witness fees, a cost that has not been factored into the Department's budget. The Department is currently considering how best we might respond to this decision.

United States Trustee System Fund

The United States Trustees program has been expanded to administer bankruptcy estates to a system with 21 regions that includes 88 judicial districts. The program is self-financing, but expenditures from the United States Trustees System Fund are governed by the appropriations process where they fall under the discretionary spending cap.

In the past few years, we have witnessed an unprecedented explosion in the number of bankruptcy cases filed. To meet its responsibilities in overseeing the administration of the bankruptcy estate system and to ensure that those who manage billions of dollars in bankruptcy estates meet their fiduciary standards, the Trustee program must keep pace.

The 1992 request of $82.2 million provides for a program increase of $12.6 million to support 186 additional positions. From 1985 to 1990, bankruptcy filings have increased by 94 percent, but personnel levels have increased very modestly. With no moderation of bankruptcy filings in sight, and our increased concern about potential bankruptcy fraud, the oversight responsibilities of the U.S. Trustees cannot be conducted without a major increase in staffing, an increase that will be fully funded from available receipts.

FEDERAL PRISON SYSTEM

The cost of the Federal Prison System is dictated largely by the current number of prisoners and anticipated number of new prisoners generated by our investigative and prosecutorial activities. I would like to emphasize that the Federal Prison System is at the end of a long and complex criminal justice pipeline. For 10 years, the Administration and the Congress have recognized that we must be tough with criminals. Because our investigators and litigators have been so successful, we must ask for substantial additional funds for prison construction and prisoner care.

A year ago, the Federal Prison Population was over 55,000; this month it is over 60,000. Our request for 1992 anticipates the need to provide for the custody of 71,590 prisoners. Right now, our Federal prisons are operating at 158 percent of design capacity. Although operating at design capacity would be desirable, we believe that if by 1995 the prisons are operating at 130 percent of design capacity, they will remain quite manageable.

In 1992, $1.738 billion is requested for the "Salaries and expenses" appropriation, a request that will support 24,202 positions. When related to the 1991 anticipated funding level, the additional resources are shared almost equally between adjustments to base and new program requests. Base adjustments totaling $188 million are dominated by annualizing the cost of new positions approved in 1991, implementation of the Federal Law Enforcement Pay Reform Act of 1990, and Government-wide cost-of-living pay adjustments.

Program increases totaling $197 million and 2,101 new positions are dominated by the $120 million request to prepare and move inmates into newly activated facilities and the $43 million needed for providing care and subsistence for the anticipated average daily population growth to 71,590 in 1992. Funds are also in the request to purchase equipment for a large new Federal Correctional complex and the activation of several acquired facilities.

Activation and population adjustments must be supplemented by programs that respond to changing needs. The sheer growth of the Federal Prison System requires $2.4 million more for staff training. One hundred positions and nearly $12 million are needed to expand drug treatment needs. We must do more to treat almost 1,200 inmates identified with AIDS related conditions, an aging population, the increased costs for contract medical care, and kidney dialysis services. These initiatives will require $8.9 million more for medical care.

The remaining large increment is the $10 million requested for contract confinement. This will provide 455 new beds to house adults serving short sentences in local facilities, provide for additional juvenile detention, and expand the use of community residential centers.

The Federal Prison System's construction budget request for 1992 is closely linked with a 5-year Federal Detention Plan that continues to provide additional beds for sentenced prisoners while focusing more resources on space that would better provide for pre-trial detention. The 1992 request helps implement this plan by funding two major Federal Detention Centers to provide 1,250 additional beds. In addition, this budget provides for the construction of a Federal Prison Complex with 2,350 beds. The new construction budget request of $285 million, together with $46 million from the Special Forfeiture Fund, will provide for the construction of these three major facilities.

In addition to the new construction request of $285 million, the 1992 budget for the Buildings and Facilities appropriation includes another $126 million for the modernization and repair of existing facilities, 39 of which are over 30 years old and 18 of which are over 50 years old. The total 1992 request for Buildings and Facilities is over $411 million.

OFFICE OF JUSTICE PROGRAMS

Our request for the Office of Justice Programs is very similar to the Administration's request for 1991. Three accounts are administered by the Office. The "Justice Assistance" appropriation, the "Public Safety Officers Benefits" appropriation and the Crime Victims Fund. The latter Fund requires no further action by the Congress to conduct its authorized programs and the Public Safety Officers Benefits account is a current indefinite appropriation which requires only the reenactment of the current appropriation language.

The dominant component of the $579 million Justice Assistance request for 1992 is the $490 million associated with the drug control grant program, or 85 percent of the total request. Within this $490 million request, about $455 million would be used for the formula and discretionary grants specified in the Anti-Drug Abuse Act of 1988, $22 million would be applied to the National Crime Information Center 2000 Project, $3 million would be made available to the National Institute of Corrections for State and local correctional programs which address the severe overcrowding caused by prisoners sentenced for drug offenses, and almost $10 million would be made available for the Regional Information Sharing System projects under a limited matching requirement.

The Administration's request for the National Institute of Justice maintains activities at the base funding level. The Bureau of Justice Statistics proposes to establish a statistical series on family violence, child abuse, and other injuries serious enough to warrant emergency room care. In addition, we believe that the previously discontinued Criminal Justice Expenditures and Employment Survey needs to be reinstated.

Most of the work of the Juvenile Justice and Delinquency Prevention Program has been accomplished and, therefore, the program can be discontinued, but the Administration believes that the $7.5 million request for high risk youth should be funded.

The Missing Children program is continued in 1992 at the $8 million level requested and approved in 1991.

Consistent with previous requests, the $5 million regularly appropriated by Congress to help pay the cost of incarcerating Mariel Cubans should not be reenacted because these persons were convicted for violating State laws.

GENERAL ADMINISTRATION

Unlike many year's requests, the Department has not been forced to reduce ongoing operations by absorbing the costs of general and law enforcement pay reform. The 1991 cost of pay reform legislation contained in the Treasury, Postal Service, and General Government Appropriations Act made it literally impossible to either ignore or absorb. Similarly, the full cost of space rental is reflected in the budgets of the various components as mandatory increases.

There are a number of program initiatives shown in various budget requests that strengthen the infrastructure of the Department. These include many of the costs associated with the migration of the Department's payroll operations to the Department of Agriculture's National Finance Center. Enhancements for the Department's financial management activities are distributed to the various accounts as are the requirements of the Chief Financial Officer's Act to create, prepare, and audit Departmental financial statements.

The General Administration appropriation bears the full cost of the infrastructure improvements. I have already discussed including $5 million for the design of an integrated case management system for all litigating components, $2 million to pay retention bonuses for Departmental attorney personnel, and $1.8 million to continue activities of Facilities Program 2000.

Several program increases relate directly to the needs of the offices funded by the General Administration appropriation. Four positions and $528,000 are needed to supplement the positions being transferred to establish a permanent Executive Office for Assets Forfeiture to oversee the Department's asset forfeiture activities. For the Executive Office for Immigration Review, 60 positions and $3.1 million are requested to move forward with deportation proceedings involving criminal aliens. A total of 103 positions and $19.7 million reflect the above program increases for the General Administration appropriation.

OFFICE OF THE INSPECTOR GENERAL

Just as the Department of Justice has grown in 1991, and will, according to our request, grow by an additional 14 percent in 1992, our Inspector General will need additional funds to effectively audit our accounts and activities. The 1992 request for the Office of the Inspector General would provide 411 positions and $36 million which includes a program increase of 75 positions and $7.6 million. The majority of this increase will provide additional audit resources to ensure that the funds available to the Department are soundly managed and efficiently used, such as those moneys for the war on drugs and the management of seized assets.

OTHER CONTINUING PROGRAMS

A few months ago, I had the privilege of hosting a ceremony which initiated restitution payments made to Japanese Americans who were interned during World War II. This mandatory program will disburse $500 million in 1991 and 1992. An additional $250 million has been authorized for 1993 payments.

The Parole Commission continues to phase out its operations, but the termination date for the Commission was extended from November 1, 1992, to November 1, 1997 by the Judicial Improvements Act of 1990. Generally, as the Sentencing Commission guidelines apply to recently sentenced prisoners, the number of prisoners eligible for parole continues to decline.

For the Community Relations Service, the Administration continues its support for funding activities related to the resolution of disputes, disagreements and difficulties based on race, color, or national origin; and for activities related to the processing and care of Cubans and Haitians. The request for 1992 includes 123 positions and $29.1 million which essentially offsets the last minute reduction from the 1991 request.

We are also continuing our request for $100 million for the Assets Forfeiture Fund in definite budget authority. The account includes an additional permanent indefinite estimate of $282.5 million to provide for asset management expenses and equitable sharing with State and local law enforcement agencies. Obligations for equitable sharing in 1992 are estimated at $205 million. This successful venture is expected to continue operations in 1992 at approximately the 1991 level.

Although the National Institute of Corrections is budgeted to receive an infusion of $3 million from the Office of Justice Programs in 1992, its direct appropriations request for 1992 is at the base funding level of $10.2 million.

Finally, there is a small increase for the Foreign Claims Settlement Commission where a few positions are requested to process quickly Iranian claims.

CONCLUSION

The Department of Justice has become an increasing complex agency that has many closely interrelated activities. The sophistication and internationalization of crime, civil fraud and other violations of this Nation's laws makes it increasingly important that we interact freely with other nations, other Federal agencies, and State and local governments. As these relationships develop, the budgetary process becomes more complicated. I look forward to 1992 as a year where we can address a growing list of priorities.

OPENING STATEMENT

Mr. THORNBURGH. Mr. Chairman, members of the subcommittee, I am pleased to be here today to present the President's 1992 budget request for the Department of Justice.

I would also like to express my personal appreciation for the positive response that this committee has given to the Department's requests throughout my tenure as Attorney General. Since I appeared before you last year, the Department of Justice, with your help, has made significant advances in drug interdiction and prosecution, white collar criminal and civil prosecutions, environmental enforcement and in guaranteeing what I and the President often refer to as the first civil right of every American, the right to be free from fear in our homes, on our streets, and in our communities.

Today, I would like to share some of those successes with you and ask for your continuing support. Our 1992 overall budget totals nearly $10.6 billion, a 14-percent increase, reflecting the continuing growth of the Department's responsibilities. This budget continues the blueprint for a new decade of effective law enforcement.

WAR AGAINST DRUGS

The top priority of the Department continues to be the battle against the Nation's drug problem. The 1991 national drug control strategy budget summary calls for an overall drug control budget of nearly $11.7 billion in 1991, some $4.4 billion of which is attributable to the Department of Justice. That is an increase of 15.8 percent over 1991 and includes the DEA, the FBI's antidrug trafficking efforts, the organized crime drug enforcement task forces, drug prosecutions by the U.S. attorneys, the Criminal and Tax Divisions, and the cost of assuring the safety and security of the courts and prisoners in drug cases.

Although the Justice Department concentrates its assets on drug law enforcement to reduce the supply of illegal drugs, we also recognize the importance of demand reduction efforts. The DEA, the FBI, and the Bureau of Prisons also are significantly involved in drug abuse prevention, education, and treatment. Furthermore, a significant portion of the grants distributed by the Office of Justice

Programs is spent for this purpose. The Department is requesting $526 million for OJP in 1992.

In addition to our own commitment in the war against drugs, I must also acknowledge the many significant commitments we have received from other countries. For example, Colombia has been invaluable in helping to apprehend major drug kingpins and bring them to justice, both under former President Barco and now under President Gaviria. We will continue to work with Colombia to strengthen their system of justice against the assault of the narcoviolators, while continuing to seek the arrest and extradition of Colombian nationals who have violated United States drug laws.

Money laundering has long been an essential part of the drug trafficking business and has become one of the Department's highest priorities. In Tampa last November, five former employees of the Bank of Credit and Commerce International were sentenced in connection with laundering $14 million in cocaine profits for General Noriega.

In December, the nephew and niece of one-time Bolivian cocaine kingpin, Jorge Roca-Suarez, were indicted in California on drug trafficking and money laundering charges.

The list of drug successes is a lengthy and impressive one, and it will continue to grow as we pursue the drug lords, their lieutenants, dealers, and money launderers.

While I doubt that we will ever fully eradicate the scourge of drugs, I do look forward to the day when our successes in these efforts will result in decreasing budgets for antidrug programs.

WHITE COLLAR CRIME

Similarly, white collar crime seriously undermines our system of values and must be attacked on many fronts ranging from savings and loan fraud to public corruption. The U.S. attorneys, the Criminal Division, and the Tax Division, together with the FBI, are vigorously pursuing crime in the suites while the Civil Division tries to minimize the Government's monetary losses.

Using the highly successful Dallas Bank Fraud Task Force as a model, we have expanded our efforts throughout the country. In June 1990, I appointed U.S. Attorney James Richmond as Special Counsel for Financial Institutions with the sole responsibility of coordinating investigations and prosecutions in this area.

On February 19 of this year, the President nominated Ira Raphaelson as Jim's successor. Despite the exceedingly difficult and time-consuming nature of financial institution fraud cases, by the end of February, we had charged 653 individuals, convicted 460, and experienced only 18 acquittals, a 96-percent conviction rate. Seventy-nine percent of those convicted have been sent to prison, including sentences as long as 40 years for key officials at a number of institutions.

White collar crime, as we define it, includes financial institution fraud, defense fraud, federally assisted housing fraud, securities and commodities fraud, public corruption, and various kinds of environmental crimes. Now we have begun to move against the serious generic drug approval wrongdoing and emerging insurance industry fraud.

In 1992, the Department has identified almost $633 million to support nearly 7,500 positions to combat white collar crime, including over $38 million in program increases to support 419 new positions in the FBI, the U.S. Attorneys and the Criminal, Civil, Environmental, Tax and Antitrust Divisions.

We are also pursuing general tax enforcement initiatives and motor fuels excise tax investigations and prosecutions to combat tax evasion schemes that may cost the Treasury more than $1 billion a year.

OTHER INITIATIVES

In addition to drug enforcement and white collar crimes, several additional enforcement initiatives warrant attention. Within the Federal Bureau of Investigation, we are requesting increases in direct funding of 19 percent, from $1.7 billion to slightly more than $2 billion.

The budget request provides 1,516 new positions, including 409 new agents, for organized crime investigative activities and for a felon identification system to automate criminal history records and court dispositions, to aid State and local law enforcement agencies that need complete criminal history information of persons convicted of felonies.

Within the Immigration and Naturalization Service, we seek to expand the Detention and Deportation Program and to strengthen the border patrol by assuring that assigned resources are actually at work on the border and that trained investigators are used most appropriately to locate, apprehend, and deport criminal aliens found in the interior of the country.

The magnitude of the Federal Prison System's role reflects the results of the Department's prosecution efforts. A year ago, the Federal prison population was over 55,000; this month, it is over 60,000. Right now, our Federal prisons are operating at 160 percent of design capacity. We anticipate the need to provide for the custody of 71,590 prisoners in 1992. To meet these needs, we seek over $1.7 billion, an increase of approximately $350 million, or 33 percent over 1991. This increase represents the cumulative effect of many years of effective prosecution by Federal prosecutors.

Yet even with these increases, we continue to face the prospect of chronic prison and jail overcrowding. The U.S. Marshals Service is having increasing difficulty finding jail space for unsentenced prisoners in places convenient to the Federal courts. From 1991 to 1992, the total number of jail days is expected to increase from approximately 6.1 million to 7.6 million or about 25 percent.

INFRASTRUCTURE INITIATIVE

Another major initiative this year is strengthening of the Department's infrastructure. As a key element in our drug enforcement and white collar crime initiatives, we must be able to recruit and retain the best investigators and attorneys. Last fall, Congress enacted the Federal Employees Pay Comparability Act of 1990, as well as many of the recommendations of the National Advisory Commission on Law Enforcement.

These laws provided for locality-based comparability adjustments to basic pay, changed the number of provisions relating to awards, allowances, and pay differentials, and made wholesale changes in the pay provisions relating to law enforcement officers.

The 1992 budget includes the resources to implement these changes as well as $2 million for retention bonuses to help keep the best attorneys in Government service. We are also attempting to improve the quality of work life through program initiatives such as improved office automation and consolidation of the Department's operations in the immediate vicinity of the main Justice Department building, including a day-care center so that families can be closer together.

LITIGATION ACTIVITIES

Let me turn now to our litigation activities. The vast resources that we commit to investigations would be useless without the litigators who daily carry the Government's cause into court.

The litigation and other legal work of the Department is conducted by a dedicated staff supported from three appropriations: U.S. attorneys, general legal activities, and the Antitrust Division.

The work of the U.S. attorneys is the heart of the Nation's legal system, prosecuting most criminal cases in the 94 judicial districts, representing the Government in civil actions, and initiating actions to collect fines, penalties, and forfeitures. Our 1992 request totals $779 million, an increase of $104 million over 1991.

Program enhancements here include increased transcription costs, pay adjustments for assistant U.S. attorneys, and enhanced physical security, as well as 151 positions needed to handle the growing criminal workload and 182 positions for civil litigation, including implementation of the new Federal Debt Collection Procedures Act.

For the Department's general legal activities, the 1992 budget request approaches $408 million, an increase of $63 million over the adjusted level for 1991. These increases will support implementation of the Americans With Disabilities Act and the Civil Rights Division's ability to review the equity of redistricting proposals by acquiring a geographic information system. This request also supports our effort to send a strong, clear message that illegal pollution is a crime that this administration will vigorously prosecute.

Debt collection and affirmative litigation must be given greater priority as well. Failure to recover moneys owed the United States undermines national authority. These priorities cut across nearly every component within the Department of Justice.

The Antitrust Division's funding has become increasingly complex. Filing fee receipts, under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, have steadily developed, so the 1992 budget has been revised to reduce reliance on filing fees.

Finally, the Department's inspector general will need additional funds to effectively ensure that the Department's program increases are soundly managed and efficiently used.

CONCLUSION

The Justice Department has become an increasingly complex agency that has many closely interrelated activities. The sophistication and internationalization of crime, civil fraud, and other violations of this Nation's laws make it increasingly important that we interact freely with other nations, other Federal agencies, and State and local governments. As these relationships develop, the budgetary process becomes more complicated. I look forward to 1992 as a year in which we can address more adequately a growing list of law enforcement priorities.

On a personal note, Mr. Chairman, I want to express my thanks for the receptivity of this subcommittee and of the individual members and staff to our concerns and express our desire to work together to reach a result that is satisfactory and good for the American people all around.

Thank you very much.

FUNDING CONSTRAINTS

Senator HOLLINGS. Yes, General, we appreciate your leadership. Let me just make an observation prior to the questioning, because as you detailed those matters that you have just covered in your statement, we can see in 1981 the Justice Department budget was $2.2 billion; it is now $8.5 billion.

Senator Rudman, Senator Adams, myself, and others on the committee are under these restrictions with regard to domestic discretionary spending, and there is now a cap in place. In order to get more money, and we all want more money for law enforcement, then under this new cap, we have to take from somewhere else. In all candor, we could take a little from the State Department, but with this new agreement I can't.

Here we are, trying to get prison beds, more agents to get people off the streets, and the State Department comes around here wanting to build what they call a "Top Hat" Embassy in Moscow. And, we don't know whether we are going to want an Embassy in Moscow or one in Kiev, to tell you the truth.

So, my point is that they are spending money on unnecessary items but we can't use it for domestic programs, and it bothers me. You must understand if there is any paring back on your request, it is not from a lack of support, it is just a result of these new constraints.

On that particular point, I hear the administration people say "Why don't you cut spending?" And, then this morning I come, and see you are requesting here, General, a $603 million increase in drugs, a 16-percent increase; $54 million increase for DEA, an 8-percent increase there; $333 million increase in FBI or a 20-percent increase there; $67 million increase or a 20-percent increase for the OCDE program; U.S. attorneys, $106 million, for a 16-percent increase; the Marshals are plus $58 million, for a 20-percent increase there; $50 million more in the Bureau of Prisons, or an 18 percent there; prison construction, $37 million, an increase of 10 percent; $380 million for prison salaries and expenses, or a 28-percent increase there.

You do have one subtraction: Office of Juvenile Justice, and in the past we have maintained that. But, you would save very little if you did away with the Juvenile Justice Formula Grant Program, the regional information sharing system, and the Mariel Cuban Program, and you would still end up with a 14-percent increase, as you have stated, or $1.3 billion.

Completing that thought and observation, General, it is our responsibility to pay for these programs. We keep talking, "Read our lips; no new taxes." So what are we going to cut? You cannot cut and just hold the line on Social Security and defense. We don't know how much more will be needed for defense, and you know that health care costs are up 11½ percent. You would have to be King Solomon to hold it down.

And, then, your interest costs go up; the debt is at a $3.2 trillion level, and it is going up to at least $3.3 to $3.4 trillion, so that we have a $32 to $34 billion increase there.

Senator RUDMAN. Are you going to impress us this morning, Mr. Chairman? [Laughter.]

Senator HOLLINGS. No; I am just trying to get us into the real world, because they are talking about no taxes and yet are paying no bills. I am trying to cut that interest tax, to tell you the truth. That is the tax I want to cut. That is where you spend literally $30-some billion a year for absolutely nothing. That would take care of our law enforcement needs, education, all these particular needs, and yet we continue merrily down the road.

EXPANDED JURISDICTION

Your Department, in its expanded endeavor, now, is also, I think, getting some assaults in a peripheral fashion from the Department of the Treasury. I notice in the other part of the budgets that we have to review in the Budget Committee that components of the law enforcement community, Secret Service, ATF, IRS, Customs, certain inspector generals are seeking to expand their activities into your particular Department of Justice. Can you comment on that?

Mr. THORNBURGH. I can, Mr. Chairman. I think it is important to emphasize at the outset that in the Department of Justice we have a very important role of leadership and coordination for the Nation's law enforcement activities in general. Those activities, when it comes to investigation of criminal conduct or auditing of Federal moneys, are conducted by a number of agencies outside the Department of Justice but eventually end up in our Department for either prosecution or litigation.

We have forged constructive relationships with many of those agencies, evidenced by written memoranda of understanding, and in other cases, on informal working agreements.

To a certain extent, there is a healthy competition in areas where jurisdiction is shared between agencies within the Department of Justice and those outside the Department of Justice. Occasionally, however, that competition is counterproductive, and to the extent that we can, we seek to resolve those instances by sitting down with the agencies in question and reaching some kind of understanding about how to deal with that.

We have done that with the inspectors general to a large extent. They have been useful and helpful in many cases, but I think we have impressed upon them that they must act within a coordinated framework of law enforcement that takes into account the Justice Department's overall responsibility in law enforcement.

We are pleased to have the additional Customs agents cross-designated with DEA, particularly working in the high-intensity drug trafficking area along the Southwest border, and we are also pleased to have the additional Secret Service agents who are now being trained in tandem with FBI agents in some of the more sophisticated areas of financial institution fraud.

I would not want to look you in the eye and tell you that all of the problems inherent in overlapping jurisdiction have been solved, but I think those who have worked with me over the years know that I am very impatient when it comes to turf battles, because they are counterproductive. There is a real determination on the part of the Department of Justice to ensure that we are all focusing on the problem and are not distracted by some of the intramural strife that might take place.

JOINT DEA/FBI TRAINING

Senator RUDMAN. Just to follow up on the chairman's question, Mr. Attorney General, what about the issue of an additional training center for the DEA? Is that getting resolved within the administration?

Mr. THORNBURGH. I hope so, Senator. We have presently at OMB the question of where additional training is going to take place for our Drug Enforcement Administration.

Senator HOLLINGS. Could you comment on the need first? When you say OMB, they come up here and tell us a new center is not needed because the overcrowding is a result of the FBI trying to build back to where they were in 1985 on the State and local training slots. I want to try to get that clear and then determine where it should be located.

Excuse me.

Senator RUDMAN. That is all right. It is a very important point.

Mr. THORNBURGH. The situation now is that our drug enforcement agents are trained in tandem with the FBI at the Quantico facility. We believe that is important for a number of reasons, but perhaps the most important reason is an intangible one, and that is for the drug enforcement agents to become used to working together with the FBI, to developing those bonds of partnership that I spoke of as being so necessary to break down jurisdictional disputes and the like.

However, the FBI's training needs have grown to such an extent that they, in the present facilities, will crowd out, before long, the ability of the DEA to be trained there as well.

The Marine Corps has been very generous in making available additional land at Quantico upon which we can expand the facilities to accommodate both the DEA and the FBI.

As you know, there have been suggestions that the DEA training facility be removed completely from the FBI facility and placed elsewhere. The two most frequently mentioned are the Glynco facility in Georgia or Fort McClellan in Alabama.

We have strongly urged that this not be done, both for the reason of continuing the coordinated training efforts between the DEA and the FBI, as well as depriving the DEA agents in training of their access to their Washington headquarters from nearby Quantico. In fact, this would be the third switch in DEA training facilities to occur in recent years. Every time that transfer takes place, a tremendous number of those involved in training decline to transfer and the recruiting operation for trainers has to begin once again.

We feel very strongly that there are tremendous advantages to be gained by retaining DEA and FBI in the drug enforcement area—and they are the lead agencies in that respect—in a joint training facility at Quantico. As we say, the marines have been forthcoming because there is a recognition that they benefit from this as well, in making the space available. We are hopeful that the recommendation that is made to the Congress will be to provide for this expansion and to continue this continuity.

ARGUMENTS AGAINST QUANTICO DRUG TRAINING

Senator RUDMAN. What are the counterarguments that OMB is hearing?

Mr. THORNBURGH. I hate to argue the other guy's case, Senator.

Senator RUDMAN. I want to know what it is.

Mr. THORNBURGH. There is, of course, a Federal law enforcement training facility in Glynco where Treasury agents, some of our Marshals, some of our Immigration people and others train, but it is not a specialized drug enforcement agency. I think there is perhaps a somewhat mechanistic approach of getting all of the law enforcement training facilities under one roof. As you know, that will never be the case because it is ideal to have these dispersed around the country depending upon the assignment and nature of the work that is being done.

So we would urge strongly that however orderly it may look from an organization chart point of view, it ignores the reality of the kind of work that these agents are going to be doing after they complete their training.

Senator RUDMAN. Mr. Chairman, I raise it because, depending on what happens at OMB, this committee will have to address the issue of funding a new training facility.

Senator HOLLINGS. Right. I think the first question is: Is OMB telling us we will not have the need before 1995? That is what they are telling us here in the last 10 days. If the need was in the next 10 minutes, I would support you to go to Quantico and make sure that that FBI–DEA expertise is coordinated right there. I think you are right.

Mr. THORNBURGH. Let me mention two things in that regard. I have spoken directly to Director Darman about our concern in this regard. He has exhibited some understanding of our quandary. If there are matters by way of briefing or information or data that we could furnish to this subcommittee and its staff, we would be only too happy to do so because of our firm belief that it would be disruptive and counterproductive to make any changes at this time.

INTERNATIONAL AFFAIRS OFFICE

Senator **HOLLINGS**. I am going to move over some questions quickly, because I like the attendance we have here, General. On the matter of that Office of International Affairs you have requested, I remember well the real get-togethers we had with Ben Civiletti and Attorney General Griffin Bell. The State Department and international affairs was saying, "We will let this agent come in." These were known KGB agents, and we were saying, "Keep them out," and the State Department was overruling us, and to stop this we set up an Office of International Affairs. It has been working yet now you want to open a whole new office. We said not to, then we look under the budget, and we see $394,000 in the base for the Office of International Affairs.

Of course, the natural question is: How do you allocate when it doesn't exist? What would its creation allow you to do that is not being done now? How do you handle that without an office already?

Mr. **THORNBURGH**. You know, Mr. Chairman, I realize that we failed to discuss this in sufficient detail with you last year, at the time we made a reprogramming request, to indicate what the nature of our concerns were. I am very glad that you have focused on that so that I can discuss why we need this office. It would be a very small office, a nonoperational office, an office designed to coordinate our vast international activities and relate productively to the State Department and to the Congress with regard to what we are doing.

We now have some 685 people in 125 different offices in 54 countries around the world. As you know, I am a repeat offender at the Department of Justice. I was here in the Ford administration, and when I came back in 1988, the biggest single change that I noticed in the configuration of the work that the Department was doing was in the international area. We, on a daily basis, interact with our counterparts abroad. We simply must because drug trafficking, money laundering, international fraud, terrorism, other kinds of international activity have grown exponentially in the last decade, and there is no end in sight.

Because we have so many different components in the Department of Justice, all functioning effectively overseas, I, as the Attorney General, ultimately accountable to the Congress, feel the need for a small office to coordinate those activities. I have talked to Secretary Baker about the need for the State Department to have a focal point for matters that constantly come up with relationship to the presence of our personnel overseas in the Embassies.

The reprogramming request that we suggested last year which was declined—and again, I apologize for not making clear precisely what our need is. As I understand, we have suggested it again this year, and we have included that in the budget request for 1992 to make it on a permanent basis.

Again, we are not building a bureaucracy to deal with international affairs; we need a small office to coordinate, out of the Attorney General's Office, the farflung activities that take place in the Department of Justice.

I might just mention as a footnote to that, the late William French Smith, dear friend of yours and mine——

Senator **HOLLINGS**. Ours, yes.

Mr. **THORNBURGH** [continuing]. Who served as Attorney General, was the very first Attorney General to ever leave the country while he was serving in that position, and that was in 1981. Now my responsibilities take me regularly to other countries. I have visited some 30 countries around the world in connection with the United Nations Drug Trafficking Convention, our alliances with the European Community and with the Pacific rim countries, and needless to say, in South America. All of those have to be staffed and followed up so that we can work closely together with those agencies whose cooperation is absolutely essential in dealing with international crime.

So it has changed quite a bit since I was at the Department previously, and it doesn't promise to become less international as time goes on.

Senator **HOLLINGS**. You say you are the first Attorney General? I can see our friend Bobby jumping up and down on top of the cars in Berlin, down in Mexico City, and running all around the world.

Mr. **THORNBURGH**. It may have been while he was serving as a U.S. Senator where the prerogatives are much greater. [Laughter.]

Senator **HOLLINGS**. Great return.

Senator **RUDMAN**. Probably.

DOUBLE BUNKING IN FEDERAL PRISONS

Senator **HOLLINGS**. Federal Prison System, when you look at the projections of the needs, and I don't want Mr. Quinlan to faint, but GAO says you have given up on a single bunking system. Your needs and requests are based on single bunking and show severe overcrowding yet come to find that you have actually got double bunking defacto.

Is it not the case, then, that we really should be looking at it in a realistic fashion on a double bunking basis and try to lower some of these projected needs? We can't just keep on building prisons and turning military bases over any faster than what we are doing, I don't think.

What is your observation about that? GAO says we don't have the great needs that we in Congress and you in the Bureau of Prisons and the Attorney General are telling us we do need.

Mr. **THORNBURGH**. Mike obviously could speak to this in much greater detail, but let me see if I can capsulize what our position is on that.

Double bunking is not an inadmissible concept in corrections. Double bunking that is undertaken solely because of the pressure on the prison population, however, has pitfalls that we would be remiss in not taking note of. I think the views of Director Quinlan and his staff are that a conscious decision to provide for double bunking in certain kinds of facilities with certain kinds of inmates is clearly a positive way to help contain the pressure on our prisons.

But in certain other cases, other kinds of inmates, other kinds of facilities, it is fraught with hazards, including increased unrest and management problems within the prison system. I think Director Quinlan, to his credit as a manager, has proved himself to be one of the bright stars of the Federal Government and has been recognized by his colleagues to be such.

But the fact of the matter is that we are getting an increasing number of violent offenders serving longer terms and falling within a category that doesn't necessarily recommend itself to double bunking.

I don't believe that GAO report has been transmitted to us yet. But we will certainly give it careful study, and I know that Director Quinlan, as a manager, will want to take advantage of whatever can be done to decrease the need for initial expenditure. But I would not be leveling with you, Mr. Chairman, if I indicated that we could make any appreciable dent in the need for additional prison space by any kind of arbitrary double bunking initiative that we are undertaking.

Perhaps, Mike, you may want to address that, with your permission, Mr. Chairman?

Senator HOLLINGS. Surely.

Mr. QUINLAN. I think you stated it very, very well, General. The Bureau of Prisons has been, I think, ahead of the corrections field on the whole issue of double bunking, Mr. Chairman. The fact is, in 1988, you will recall when we first proposed double bunking as the standard for 66 percent of our rooms in our low-to-intermediate care facility, we were bucking the trend of all of our State counterparts and the standard-setting agency, the American Correctional Association, in that area. The fact is, to this day, we are taking on the standards people to see if we can't get the standards changed, but as the Attorney General pointed out, we believe that there has got to be a considered judgment as to where the crowding, where the double bunking should occur.

It should occur primarily in the lower security level, and as you get to the higher levels, you have got to maintain a degree of control over very violent inmates. You have got to maintain a proper level of control in terms of your staffing pattern to assure that—not just in times when things are going well, but in times when things get rough and things are a little bit disruptive—you have to maintain control of that total environment.

So I think it is something that needs to be studied.

Senator HOLLINGS. So they are taking credit for your work. [Laughter.]

EVALUATION OF INS

Moving on, then, you have put in a review team for reorganizing the Immigration and Naturalization Service. Can you comment on that? Give us your review and tell us what you have in mind.

Mr. THORNBURGH. I would be glad to. The responsibilities and the resources of the Immigration and Naturalization Service have grown immensely, particularly since the passage of the 1986 act with its change in emphasis and configuration of INS's role. It has, quite frankly, since I came here in August 1988, been a problem that I wanted to have addressed and have undertaken a number of internal audits and examinations designed to adjust the organization and its modus operandi to the times and the change in its character.

Most recently, we asked an outside evaluation team headed by Norman Carlson, the former Director of the Bureau of Prisons, to work with Commissioner McNary in taking advantage of the expertise of that team to aid the Commissioner in reconfiguring and restructuring and changing some of the practices that had caused trouble in the past for INS.

The Commissioner has indicated his complete receptiveness to this initiative. We have not yet received a final report from the Carlson Commission, but even in advance of the final report, there has been consultation with the Commissioner and efforts made to begin to adjust some of the operations to deal with the more troublesome areas.

Again, when that report is completed, we will be pleased to share it with the members of the subcommittee and the staff, but I think that we have finally, through the outside expertise that has been brought to bear on this involved problem and through the Commissioner's willingness to work with that team, gotten to the point where we are going to see, I think, some very positive and productive changes made in that agency.

INS STAFFING AT SEA-TAC AIRPORT

Senator ADAMS. Mr. Chairman, may I ask the Attorney General a question?

Senator HOLLINGS. Go ahead.

Senator ADAMS. We have a tremendous problem at the Sea-Tac Airport with INS processing delays. I would like to bring this matter to your attention, Mr. Attorney General, because I know you are reviewing that. I will have my staff member give my specific question to the Commissioner of the INS. Sea-Tac estimates that it needs 32 inspectors during peak hours this summer. If they do not get this assistance, air traffic will start shifting to other regional areas for having them take INS people through rather than running them through one knothole. At the present time, passengers are experiencing delays of 2, 3, and 4 hours waiting in lines once they get off planes. That is because now Sea-Tac has only 8 to 10 inspectors at inspection booths at peak entry periods. It could handle as many as 40.

Senator HOLLINGS. Yes.

Senator ADAMS. So appreciate I that.

Senator HOLLINGS. We have the problem about the requirement of a visa.

Senator ADAMS. Absolutely. So, General, I appreciate that. I have another question, Mr. Chairman, on the drug matter.

Mr. THORNBURGH. If we can have a copy for me and for the Commissioner, I am sure we would be glad to review it. We are not unaware of the problem.

NONURBAN DRUG TRAFFICKING AREAS

Senator ADAMS. I am sure of that. One problem, as you remember last year, Mr. Chairman and Senator Rudman, that we dealt with was drug emergency areas.

Mr. THORNBURGH. High-intensity drug traffic areas?

Senator ADAMS. High-intensity drug traffic areas. As a former district attorney under Bobby Kennedy, I followed those pipelines around the country. You have drugs concentrated on the Mexican border, as well as in certain large cities.

The question I am going to ask you is this: In Washington State, we have the other end of that pipeline, which in this case happens to be Yakima. The Justice Department has been helpful in putting more DEA agents into Yakima. But will you consider designating—and discussing this matter with your new drug czar—the ends of the pipelines such as Yakima as drug emergency areas? The reason for that, Mr. Chairman, is in rural areas such as Vermont, New Hampshire, as well as the State of Washington, the drug problem overwhelms the local DEA agents, the local prosecutor, and the local jails. Drugs are then distributed throughout the whole State from that point—that is, the end of the pipeline. So when I visit my State's major cities the police chiefs tell me, "You have got to shut off the Yakima pipeline or we can't handle the problem coming in here."

Can you give me some hope, Mr. Attorney General, that we will deal with the drug problem at the end of the pipeline as well as the problem along borders and the major cities?

Mr. THORNBURGH. I think we can. I was in your State last year, and that point was very forcefully made to me about the Yakima situation, in particular.

The drug problem is a nationwide problem. We are well aware of that, and I think that we have a number of mechanisms in place to ensure that State and local authorities have almost immediate access to their Federal counterparts in conducting a joint investigation.

The DEA now has 52 State and local task forces around the United States. This is in addition to the high-intensity drug trafficking areas; in addition to our organized crime drug enforcement task forces, which operate in 13 major metropolitan areas, and the FBI's budget request this year requests additional drug enforcement personnel specifically for dealing with the nonurban areas such as Yakima and its counterparts across the country.

So while there is always going to be a finite amount of resources available for the drug trafficking problem, I think that our budget request this year represents a perceptible shift toward trying to take up the slack in those areas that may not have had the degree of attention previously which they deserved.

DRUG PIPELINES ON WEST COAST

Senator ADAMS. Thank you, Mr. Chairman. Senator Rudman, I didn't mean to interrupt. I know we will be taking up the crime bill again. The drug emergency area amendment was in the crime bill last time. This amendment will come up again. As a former law enforcement official, I am aware that we have the Tiajuana pipeline that comes up the Pacific coast; we have the Vancouver pipeline that hooks in from the north; and then our State is used as a distribution center throughout that whole Pacific Northwest region.

I just hope that the Department will focus on this. I am certain that other Senators can outline their area, but I know about this one on the Pacific coast.

Thank you, General. Thank you, Mr. Chairman.

FEDERAL COMMUNICATIONS COMMISSION [FCC] FINANCIAL SYNDICATION RULING

Senator HOLLINGS. Good, and I am prepared to yield except on one point. I have got some other questions, but talking to my ranking member, who is also interested and raised this question yesterday and it came to my attention, and I immediately went through the normal procedures, because I have heard a lot about this FCC docket relative to the financial interest in syndication rules.

This has been a matter of controversy and discussion at the communications bar and up here on the Hill for a good 10 years, Mr. Attorney General. I, along with Senator Rudman and the members of this subcommittee, had grave misgivings for sometime in the eighties about the FCC. We seemed to have had a rather bullheaded crowd that came in and tried to do away with the financial syndication, all the different rules, all the different regulations that had developed to serve the public interest.

We tried to get their attention, and we cut their funding, and then as the chairman of the authorizing committee; we just didn't confirm the appointments. When they couldn't get a quorum, then we finally got their attention. We decided we would try to give this new Commission, which I think is a pretty good Commission, from what I know, a chance to operate.

We can't control and operate and administer communications here as legislators. So when this financial interest and syndication issue came up, the FCC opened a proceeding in March of last year, over 1 year ago, docket No. 90–162. The FCC began a new evaluation of financial interest and syndication rules, and thereupon, your office, the Attorneys General, on June 14, filed comments and reply comments, pretty voluminous comments.

Thereupon, in October of last year, October 22, the FCC requested additional comments on the financial interest and syndication rules and then held an en banc hearing in December. The FCC sought comments on every variation from total repeal of the rules, to leaving them in place, everything that was totally covered here in this proceeding.

As chairman of the Commerce Committee, the authorizing committee, I had suggestions to call, to write letters. We were hailed at our level, because like we have said, we have had enough difficulty with the FCC, and now we are trying to reinstill that public trust in our FCC and let them operate as an independent agency. However, in February, Mr. Sununu came in in a very clever way, with a letter to Congressman Michael Oxley and, of course, that, went like a brush fire through the communications bar, that the White House had a certain position on the rules. But in spite of that, the FCC stated it would act as of today.

Then, yesterday, your Department comes in with the most embarrassing kind of interference that I have ever seen from James F. Rill, the Assistant Attorney General—stating concern that the

Commission might be considering adoption of a proposal that has not been subject to adequate opportunity for comment.

Anybody could look at the record and know that is out of the whole cloth. Heavens above, the FCC had two comment periods. They had a whole list of witnesses commenting on every section of the proposals just in December, and then everyone was saying, "Don't worry about the FCC, you better check in with communications with the Department of Justice and the Attorney General's Office."

That breaks down the entire buildup that we have tried to have given the FCC—to build confidence in our Federal Communications Commission. I would like to hear your comment on that.

Mr. THORNBURGH. I am personally recused from that matter, Mr. Chairman, and it is being handled elsewhere within the Department.

Senator HOLLINGS. Who is in charge of it, then, Mr. Attorney General, Deputy Attorney General Rill?

Mr. THORNBURGH. The Deputy Attorney General would have overall supervision of what the Antitrust Division is doing. I simply cannot, because of my recusal, give you my comment, but I will certainly transmit those concerns and see that there is a response.

Senator HOLLINGS. Of course, they called off the hearing and called off the ruling and everything else of that kind. I just think it is outrageous. It is an offense to the process. Here, the Attorneys General Office is in charge of the Government, as we were just relating, in charge of the process, and as an independent agency is engaged in the process, they are adulterating us with this political document coming in and saying, "We haven't had time," and everything else. They were there; they were in attendance. They didn't testify in December, but this thing has been going on and on and on and on.

Let me yield to Senator Rudman.

DEPARTMENT POLICY REGARDING COMMUNICATION WITH FCC

Senator RUDMAN. Thank you, Mr. Chairman. I will follow from there. General, the recusal is based on what, prior associations that you had——

Mr. THORNBURGH. Financial interests.

Senator RUDMAN. Financial interests. Well, I understand that. What I want to address is the broader issue of what happened here. I understand you are recused from this particular matter, but certainly, in terms of the broad policy of the Department, you are not. I understand you had no knowledge of this letter; is that your testimony?

Mr. THORNBURGH. I have had no contact whatsoever with the whole financial syndication question because, as I indicated, there is a potential conflict.

Senator RUDMAN. Were you advised that the letter was going to be written——

Mr. THORNBURGH. No.

Senator RUDMAN [continuing]. Even though not of the contents?

Mr. THORNBURGH. Once I remove myself from something, I scrupulously avoid any contact with it, and that would be handled by the Deputy Attorney's General Office.

Senator RUDMAN. Do you know if Mr. Barr was notified?

Mr. THORNBURGH. I must tell you, I have purposely, no knowledge.

ASSISTANT ATTORNEY GENERAL RILL'S LETTER

Senator RUDMAN. I understand. I would just say that, as a policymatter—and I have had considerable experience with administrative law, I found Mr. Rill's letter highly unusual as well as inappropriate. When Mr. Sikes was here 2 weeks ago, we had quite a discussion with him about contacts from other executive branch agencies during this period. I understand the Justice Department is in a different position than most executive branch agencies. You are, after all, the chief law enforcement officer of the country and all of your people act in your behalf. But I am concerned about some of the statements contained in Mr. Rill's letter. I quote, "I am concerned that the Commission might be considering adoption of a proposal that has not been subject to adequate opportunity for comment by public and interested parties, including the Department of Justice," and then "In my view, both sound administrative procedure and public policy goals dictate that any new proposals be released for public comment."

That is about the most obvious attempt at stalling something that I have ever seen in my life. I don't agree with its conclusion under administrative law. I think the Commission has full authority to proceed as they have intended. If anybody disagrees with the policy, they can attack it. The fact is that the Department of Justice, although not you personally, has taken a position for repeal. News reports indicated—I don't know if it is true or not—that the FCC has come to some other conclusion. Yet now the FCC has canceled its hearing.

I would make a prediction that because this involves your Department this is going to become a major issue around here. I have received a number of phone calls on it from colleagues. I would like to ask you to please have Mr. Barr furnish to this committee several answers. I would like them, frankly, at the earliest possible moment. First, I would like to know if the Deputy Attorney General of the United States was aware that this letter was being written. I would like to know if he approved it personally.

Second, I would like to know; one, if there were any contacts with any executive branch agencies outside of the Justice Department to Mr. Rill, and two, if, in fact, the Justice Department feels it is necessary to exercise lawyer-client privilege on that question and they cannot discuss the content of what was discussed, at least I would like the client identified.

I may have several others. I will put those in writing. I will get them to you today, because I have the highest regard for you, your Department, and your integrity. I have been a strong supporter of the Department, but I must tell you that this really bothered me yesterday. We have been through this for 5 years on this committee, and we have assiduously told everyone to back off and let the Commission make its decision and let it go to the courts if necessary. The decision may have been one I favored as it turns out. But had I not liked it, my feelings would be the same. Let the parties involved fight it out in courts. The television networks have enough money and the movie moguls have enough money to hire pretty good lawyers. All of a sudden, we get this bomb dropped on here, and anybody who has any understanding of administrative law and practice knows that this was designed to postpone and stall an FCC decision. I am concerned about it, very concerned about it. I would be concerned if it were a Democratic administration; I am concerned since it is a Republican administration, and I think we are entitled to answers.

Mr. THORNBURGH. I will convey that.

Senator HOLLINGS. It is an offense to the administrative process. The gentleman who is in charge of the administrative process commits the gravest offense to it. I don't get it.

Senator RUDMAN. I have some questions which you can answer. [Laughter.]

Senator HOLLINGS. All right.

Senator RUDMAN. But I must say, I was just taken aback yesterday when a copy of this letter was delivered to me. We have been through so much. There is so much history that I won't bore you with. However, we finally were at a point where we thought, "Let the log roll; let it happen," and all of a sudden, bang.

Mr. THORNBURGH. I will put a big star beside that.

Senator RUDMAN. Good. [Laughter.]

[CLERK'S NOTE.—The following was submitted to the subcommittee subsequent to the hearing.]

LETTER FROM WILLIAM P. BARR, DEPUTY ATTORNEY GENERAL, OFFICE OF THE DEPUTY ATTORNEY GENERAL, U.S. DEPARTMENT OF JUSTICE

MARCH 15, 1991.

Honorable WARREN RUDMAN,
United States Senate,
Washington, DC.

DEAR SENATOR RUDMAN: I am writing in response to your questions forwarded yesterday concerning a March 13 letter from Assistant Attorney General Jim Rill to Federal Communications Commission (FCC) Chairman Sikes regarding the financial interest and syndication rules.

Neither Assistant Attorney General Rill nor anyone else in the Antitrust Division informed me about the March 13 letter prior to its submission to the FCC. I received no communications from anyone in the Executive Branch or outside the Executive Branch asking that such a communication be made to the FCC. With respect to whether Mr. Rill had such communications, I have asked him to respond to your questions personally.

As for the propriety of the letter, Assistant Attorney General Rill has explained to me, as he will explain to you directly in his letter, that the Department of Justice's jurisdiction over the consent decrees that settled the network antitrust cases exempted the March 13 letter from the Commission's rule concerning ex parte contacts. See 47 C.F.R. § 1.1204(b)(5) (exempting presentation from "a branch of the Federal Government or its staff and [which] involves a matter over which that * * * branch and the Commission share jurisdiction."). Mr. Rill observes that where, as here, the United States has an interest in the proceeding and has participated throughout the proceeding, a letter seeking public comment on what might be a new proposal was not unreasonable. He notes that four of the five commissioners agreed that some comment period would be helpful to the Commission's deliberations. Based on his explanation, I am satisfied that his letter was not improper.

Very truly yours,

WILLIAM P. BARR,
Deputy Attorney General.

LETTER FROM JAMES F. RILL, ASSISTANT ATTORNEY GENERAL, ANTITRUST DIVISION, U.S. DEPARTMENT OF JUSTICE

MARCH 15, 1991.

Honorable WARREN RUDMAN,
United States Senate,
Washington, DC.

DEAR SENATOR RUDMAN: At the request of Deputy Attorney General William P. Barr, I am writing in further response to the questions you forwarded yesterday concerning my March 13 letter to Federal Communications Commission Chairman Sikes regarding the financial interest and syndication rules.

As set forth in more detail in the attached response, I did not inform Mr. Barr about the March 13 letter prior to its submission to the Commission, and I received no communications from anyone in the Executive Branch or outside the Executive Branch asking that such a communication be made to the Commission. Moreover, in my opinion, the letter was appropriate given the Department's coordinate jurisdiction in this matter, the Commission's rules of practice, and principles of sound administrative procedure and public policy.

Very truly yours,

JAMES F. RILL,
Assistant Attorney General.

FURTHER RESPONSE OF ASSISTANT ATTORNEY GENERAL JAMES F. RILL, TO THE QUESTIONS SUBMITTED BY SENATOR WARREN RUDMAN TO DEPUTY ATTORNEY GENERAL WILLIAM BARR

Question. Did Assistant Attorney General Rill inform you prior to submission of this letter to the FCC? If so, did you approve sending this letter?

Answer. I did not inform Deputy Attorney General Barr prior to submission of my March 13 letter to Chairman Sikes.

Question. Did either you or Mr. Rill receive a written or oral communication from anyone else in the Executive Branch asking that such a communication be made? If so, please provide the names and nature of the request. If you believe disclosure of this information is precluded by lawyer/client privilege, please provide the name of the individual client.

Answer. I did not receive any written or oral communication from anyone else in the Executive Branch asking that such a communication be made.

Question. Did either you or Mr. Rill receive a written or oral communication from anyone outside the Executive Branch asking that such a communication be made? If so, please provide the names and the nature of the request. If you believe disclosure of this information is precluded by lawyer/client privilege, please provide the name of the individual client.

Answer. I did not receive any written or oral communication from anyone outside the Executive Branch asking that such a communication be made.

Question. Do you believe it was appropriate for such a letter to have been sent by an employee of the Justice Department, given the ex parte nature of the proceedings before the FCC? As a matter of policy, is it appropriate for the Justice Department to comment or make recommendations on procedural issues, as opposed to policy issues, pending before independent regulatory agencies?

Answer. I believe that it was appropriate and productive to have sent the March 13 letter to Chairman Sikes. Network ownership of financial interests and syndication rights in television programming currently is restricted by both the Federal Communication Commission's financial interest and syndication rules and separate Department of Justice consent decrees settling antitrust litigation against the major networks. The Department thus has coordinate jurisdiction in this subject matter. Moreover, public statements by four of the five FCC commissioners agreed with my suggestion for public comment on the new proposal that we understood was to be put before the Commission.

As a preliminary matter, I should point out that my letter to Chairman Sikes is a contact that, in light of the Department's jurisdiction over the consent decrees in the network antitrust cases, is exempt from the Commission's prohibition on ex parte contacts during the Sunshine Agenda period concerning matters listed on the Sunshine Agenda. See 47 C.F.R. § 1.1204(b)(5) (exempting presentation from "a branch of the Federal Government or its staff and [which] involves a matter over which that * * * branch and the Commission share jurisdiction."). Chairman Sikes took precisely this view in his March 13 statement announcing that no action would be taken in the financial interest and syndication rule matter. See Attachment A hereto.

The appropriateness of my letter is not diminished by the fact that it addresses a procedural rather than policy issue. Without a procedure for public comment, neither the Department nor any other interested party would be able to comment on the policy implications of the new proposal that we understood was to be put before the Commission. It was proper, therefore, to have urged the Commission to provide the opportunity for public comment on the policy implications of the proposal.

You may already be aware that the Department has participated in all phases of the Commission's financial interest and syndication rule proceeding since 1983. During that time, a number of ideas have been vetted through the public comment process. Recent public reports, however, suggested that the Commission was prepared to vote on specific modifications to the existing financial interest and syndication rules. Thus, unlike every other phase of this proceeding, the specific proposed modifications had not been subject to prior public comment.

The Department does not wish to prolong this proceeding unnecessarily, and the short comment period established by the Commission demonstrates that its consideration will be conducted on an expedited basis. As noted in my letter, however, both sound administrative procedure and public policy goals dictate that any new, consolidated proposal presented for final agency action be released for public comment prior to issuance of any Commission order. Even if the separate facets of the proposal before the Commission were not new, we believe that an opportunity to comment on the specific language of the proposals is necessary to determine, among other things: (a) whether any new rule will be clear, enforceable and likely to lead to the desired result; (b) the relationship between the various facets of the proposal; (c) the relationship between the rule and other Commission rules; and (d) the relationship between the rule and the consent decrees in the network antitrust cases for which the Department is responsible. With the benefit of public comment focused on specific proposed language, the Commission should better be able to resolve this important issue in a manner that will promote competition and serve the public interest.

The appropriateness of my letter to Chairman Sikes is underscored, I believe, by the positive reactions of the individual commissioners of the FCC. After the letter was received by the Commission, four of the five commissioners released separate statements. All four statements supported my suggestion of open public comment.

"Interested parties should have an opportunity to review proposed changes and make their views known." Statement of Chairman Alfred C. Sikes (Attachment A hereto).

"I welcome this opportunity for further comment and discussion." Statement of Commissioner Ervin S. Duggan (Attachment B hereto).

"I welcome this opportunity to hear specific comments on the majority plan." Statement of Commissioner Sherrie P. Marshall (Attachment C hereto).

"To me, it makes sense to spend some additional time to fully consider a plan that surfaced only a week ago." Statement of Commissioner James H. Quello (Attachment D hereto).

All participants in this proceeding, and most importantly the public interest, will benefit from comment and discussion of any proposal.

ATTACHMENT A

MARCH 13, 1991.

STATEMENT OF FCC CHAIRMAN ALFRED C. SIKES REGARDING MASS MEDIA BUREAU DOCKET NO. 90–162 (EVALUATION OF THE SYNDICATION AND FINANCIAL INTEREST RULES)

The Assistant Attorney General in charge of the Antitrust Division, U.S. Department of Justice, noting public reports of developments in this proceeding, today by letter has requested that: The Department and interested parties be afforded full opportunity to review and comment on the new proposed changes in the Commission's syndication and financial interest rules; and, the Commission, therefore, take no action on this issue at its previously scheduled, March 14 public agenda meeting.

The Department has also noted that this is a matter over which the Commission and the Department share jurisdiction because of existing rules and antitrust consent decrees.

Interested parties should have an opportunity to review proposed changes and make their views known. Accordingly, pursuant to 47 U.S.C. §155 and Section 0.3 of our Rules, I am directing the Secretary immediately to remove Item No. 3 from

the "Sunshine Agenda" notice published March 7, 1991 because such action "will best conduce to the proper dispatch of business and to the ends of justice" (47 U.S.C. §154(j)).

A revised notice will be issued today.

COMMISSION MEETING AGENDA

MARCH 13, 1991.

DELETION OF AGENDA ITEM FROM MARCH 14TH OPENING MEETING

The following item has been deleted from the list of agenda items scheduled for consideration at the March 14, 1991, Open Meeting and previously listed in the Commission's Notice of March 7, 1991.

Item No. 3.

Bureau: Mass Media.

Subject: Evaluation of the Syndication and Financial Interest Rules (MM Docket No. 90–162). Summary: The Commission will consider whether to revise its Network Television Syndication and Financial Interest Rules.

ATTACHMENT B

MARCH 13, 1991.

The following statement was released this afternoon by FCC Commissioner Ervin S. Duggan:

Although the Commission was originally scheduled to vote tomorrow on a final Report and Order in its pending proceeding on the financial interest and syndication rules, that item has been postponed to allow parties additional time to comment on the new rules that would have been adopted. Within the next week, the Commission will issue a summary of the details of these proposed rules. I welcome this opportunity for further comment and discussion.

All parties should be aware as this proceeding moves forward, however, that the terms of the debate have now been altered. It should be clear that a majority of this Commission, while favoring substantial deregulation and relief for the broadcast networks, opposes both total, immediate repeal of the financial interest and syndication rules and their automatic sunset. Parties seeking to comment further on this proceeding, therefore, would best address themselves to the issue of modification of these rules.

Given this reality, the wisest course, in my judgment, is for the parties to return to the negotiating table, and promptly devise an agreement balancing their private interests. If, after such negotiations, they can bring before this Commission a proposal that comports with the Commission's historic interest—and the public's continuing interest—in diverse and antagonistic sources of programming, I have no doubt that a majority of Commissioners can be persuaded to ratify such an agreement.

It goes without saying, however, the failing such an outcome before the Sunshine window closes once again, it appears that a majority of Commissioners consider the proposed new rules to be the best, most reasonable alternative before the Commission, and they will move expeditiously to a vote.

ATTACHMENT C

STATEMENT BY COMMISSIONER SHERRIE P. MARSHALL ON WITHDRAWAL OF PIN-SYN ITEM FROM MARCH 14, 1991 AGENDA

Although the Commission's General Counsel had previously advised that all aspects of the proposed order were fully within the scope of the Commission's notice and record in this proceeding, I welcome the opportunity to hear specific comments on the majority plan.

It should be clear, however, that further pleas for total repeal will be unsuccessful. This is the last best chance for the parties to propose workable, reasonable and substantial lifting of the fin-syn rules.

ATTACHMENT D

STATEMENT OF COMMISSIONER JAMES H. QUELLO RE: FINANCIAL INTEREST/ SYNDICATION PROCEEDING

This proceeding began about a year ago at the Commission and some would say, over 8 years ago. To me, it makes sense to spend some additional time to fully consider a plan that surfaced only a week ago. The financial interest and syndication proposal that was being considered, to the extent it was characterized in press reports caused widespread concern and criticism. The brief time that the most recent plan had been before us did not allow sufficient opportunity for public comment or internal dialog and debate. Hopefully, by allowing all the affected parties to comment, the Commission will be able to reach a reasoned resolution of this contentious issue. I support a formal notice to solicit comments. I have always believed that sunlight is the best disinfectant.

LETTER FROM SENATOR WARREN B. RUDMAN

MARCH 20, 1991.

Honorable WILLIAM B. BARR,
Deputy Attorney General, U.S. Department of Justice, Washington, DC.

DEAR MR. BARR: I'd like to thank you and Assistant Attorney General James Rill for responding so quickly to the questions I submitted regarding the financial interest and syndication rules and the role of the Justice Department in deferring action by the Federal Communications Commission on these regulations.

I would appreciate it if you and Mr. Rill would respond to one more question. Unfortunately in my previous questions I did not ask if other employees of the Justice Department may have had discussions on possible action by the Federal Communications Commission. Therefore, I would appreciate knowing if any of your subordinates or those of Mr. Rill, or any other employee of the Justice Department, had discussions with any individual inside or outside the Executive Branch within two weeks prior to the scheduled Commission meeting of March 14 on possible recommendations by the Federal Communications Commission on the financial interest and syndication rules. If discussions did occur, I would appreciate knowing the nature of those discussions, the individuals involved, and whether or not it was suggested by any individual that a letter or other communication be sent to the Federal Communications Commission.

Thank you again for your attention to this matter.

Sincerely,

WARREN B. RUDMAN,
United States Senator.

LETTER FROM WILLIAM P. BARR

MARCH 22, 1991.

Honorable WARREN B. RUDMAN,
United States Senator,
Washington, DC.

DEAR SENATOR RUDMAN: I am writing in response to your letter of March 20, 1991. No one from my staff had any discussions with any individual inside or outside the Executive Branch about possible FCC recommendations on the fin-syn rules within the two weeks prior to the submission of Mr. Rill's March 13 letter. Nor am I aware of any such communication by any Justice Department employee outside the Antitrust Division, although it would not surprise me if the public affairs office or legislative affairs office had received inquiries. As for any possible communications by personnel of the Antitrust Division, which had previously participated in the FCC fin-syn proceeding, I have asked Mr. Rill to respond to you personally.

Sincerely,

WILLIAM P. BARR,
Deputy Attorney General.

LETTER FROM JAMES F. RILL

MARCH 26, 1991.

Honorable WARREN RUDMAN,
Committee on Appropriations, United States Senate, Washington, DC.

DEAR SENATOR RUDMAN: I am submitting this letter in response to your March 20, 1991, letter to William P. Barr requesting further information on the role of the Justice Department in connection with the Federal Communications Commission's recent deferral of its recommendation concerning the financial interest and syndication rules.

As you requested, this response provides information on employees of the Antitrust Division who had discussions with any individual inside or outside the Executive Branch within two weeks prior to the scheduled Commission meeting of March 14 on possible recommendations by the Federal Communications Commission on the financial interest and syndication rules.

The following is a record of relevant Antitrust Division discussions:

James F. Rill, Assistant Attorney General, Antitrust Division

1. On Friday, March 8, 1991, I received a call from Joe Sims, a partner in the law firm of Jones, Day, Reavis & Pogue. Mr. Sims represents CBS. Mr. Sims referenced reports that the FCC was considering action on a previously unpublished proposal affecting the financial interest and syndication rules. I told Mr. Sims that I had not heard of any such development. I saw Mr. Sims socially on Monday, March 11. He raised the FCC matter again, but we did not discuss the substance of the matter or the Department's position. On March 13, 1991, Mr. Sims telephoned to confirm reports that the Department had filed a request for opportunity to comment with the FCC.

2. On Tuesday, March 5, 1991, while we were travelling with others to a Conference Board program, Richard Schmalensee, a member of the president's Council of Economic Advisors, mentioned in passing the rule and then-current status of the matter.

I received a call on March 11, 1991, from Dr. Schmalensee. We discussed press reports of possible FCC action on a new proposal affecting modification or repeal of the Commission's financial interest and syndication rules. I told him that I was considering filing a request with the FCC for an opportunity for review and comment. He responded that it sounded like a good idea.

Dr. Schmalensee called on March 12, 1991, and stated that he didn't see any objection to the Department's filing a request for public notice and an opportunity to file comments on the FCC proposal modifying the financial interest and syndication rules.

On Wednesday, March 13, 1991, Dr. Schmalensee called me to ask whether a filing had been made. I told him it had.

3. On Wednesday, March 13, 1991, I called Wendell Willkie, General Counsel, Department of Commerce to tell him that the Department of Justice would request an opportunity for review and comment before any formal action was taken by the Commission on the new proposal for financial interest and syndication rules. I also suggested that the Department of Commerce might want to consider a similar request.

4. On Tuesday, March 12, 1991, I mentioned to James Langenfeld, an economist with the FTC, that the Department was considering petitioning the FCC for additional time to consider new proposals for the financial interest and syndication rulemaking. Dr. Langenfeld stated that he was not assigned to the issue and suggested that I contact Dr. John Peterman, Director of the FTC Bureau of Economics.

5. On Wednesday, March 13, I called Dr. Peterman to inform him of the Department's request to the FCC for additional time and opportunity for comments. Dr. Peterman stated that the FTC was considering its options in the matter.

6. On Wednesday, March 13, I placed a courtesy call to FCC Chairman Alfred Sikes to inform him that the Department would be filing a request for additional time to review and comment upon any outstanding rulemaking proposals under consideration by the FCC. He said there was no problem with that, commenting that ex parte rules did not apply to the Department of Justice and emphasizing the nature of coordinate jurisdiction.

7. On Wednesday, March 13, 1991, after the Department's letter was delivered to the FCC, I received a call from Chairman Janet Steiger of the FTC. I informed Chairman Steiger of the contents of the letter, and she confirmed Dr. Peterman's earlier statement that the FTC was considering its options.

Alison L. Smith, Deputy Assistant Attorney General, Antitrust Division

1. DAAG Smith, who was on vacation, learned from her office on or about March 12, 1991 that Mark Paoletta, of the White House Counsel's Office, had called her. Ms. Smith then returned Mr. Paoletta's call. Mr. Paoletta asked Ms. Smith if she had heard of the Barrett proposal. She responded that she had not and he gave her a sketchy description of the proposal that he apparently had gleaned from press reports. He said it was scheduled for vote on Thursday the 14th but it was not clear if it would be voted on on that day because any Commissioner could pull agenda items. Mr. Paoletta asked Ms. Smith who at the Antitrust Division had worked on the financial interest and syndication issue, and she gave him the names of Paul Denis and Curt Jernigan. At that point, Ms. Smith was put on hold and then disconnected. Ms. Smith tried to replace the call to Mr. Paoletta, but was unsuccessful in reaching him. She had no further conversation with Mr. Paoletta. This conversation was not communicated to me.

Paul T. Denis, Counselor to the Assistant Attorney General, Antitrust Division

1. On Monday, March 11, 1991, Mr. Denis received a call from Mark Paoletta, of the White House Counsel's Office. Mr. Paoletta asked if the Department of Justice had a copy of the FCC's alternative proposal for treatment of the financial interest and syndication rules. Mr. Denis replied that he had not seen a copy of the alternative proposal, but that he had read about its existence in the press. Mr. Denis and Mr. Paoletta discussed their impressions of the alternative proposal based on what they knew of it from press accounts. There was no discussion of possible communications with the FCC. This conversation was communicated to me.

On Tuesday, March 12, 1991, Mr. Paoletta again called Mr. Denis to find out if the Department had located a written copy of the FCC's alternative proposal. Mr. Denis was not available to speak to Mr. Paoletta.

Constance Robinson, Chief, Communications and Finance Section, Antitrust Division

1. On Tuesday, March 12, 1991, Ms. Robinson called Ken Robinson of Chairman Sikes' office to ask the status of the proposal at the FCC for treatment of the financial interest and syndication rights. She was told that the matter was scheduled for a vote by the Commission on March 14th.

Ms. Robinson asked Mr. Robinson to describe the typical procedure preceding and following a Commission vote. Mr. Robinson outlined the Commission's general procedures. Noting that the press had reported the existence of a second proposal, he said if such a proposal existed in such instances the Commission would go ahead and vote but it would take longer for the staff to generate a report and decision.

Ms. Robinson asked Mr. Robinson whether the Commission would accept comments on a matter after the close of the official comment period. Mr. Robinson cited FCC rule 1.4, which he indicated would permit the Commission to review ex parte comments filed after the comment period had elapsed. Ms. Robinson asked when any such comments would have to be submitted in the financial interest and syndication rule proceeding for them to be considered. Mr. Robinson said that any such comments should be filed as soon as possible because of the immediacy of the March 14, 1991 meeting of the Commission.

Ms. Robinson reported this conversation to me.

Don Russell, Assistant Chief, Communications and Finance Section, Antitrust Division

1. During the week of March 11, Mr. Russell reviewed a draft of the Department's March 13, 1991, letter to the FCC. Mr. Russell questioned a citation in the letter to an FCC ex parte rule. To clarify the citation, Mr. Russell contacted Ken Robinson, Commissioner Sikes' assistant who had referred the Department to the rule. Mr. Russell and Mr. Robinson discussed the construction of the ex parte rule and whether it necessitated the inclusion of a waiver provision in the subject letter. Mr. Robinson did not think a waiver was necessary and reference to the ex parte rule was eventually deleted.

This conversation was communicated to me.

Richard Rosen, Assistant Chief, Communications and Finance Section, Antitrust Division

1. On March 12, 1991, Mr. Denis had a secretary request that Mr. Rosen locate a copy of the Barrett proposal and forward a copy to Mark Paoletta of the White House Counsel's Office. Mr. Rosen asked another Antitrust Division lawyer, Bernard O'Reilly, to locate a copy of the proposal. He was unable to do so. Mr. Rosen then left a message for Mr. Paoletta at his office informing him that the proposal was unavailable. Mr. Paoletta and Mr. Rosen never actually spoke to each other.

Bernard O'Reilly, Staff Attorney, Communications and Finance Section, Antitrust Division

1. On March 11, 1991, Mr. O'Reilly received a call from Howard Monderer, a lawyer for NBC, who described the various press reports of an alternative FCC proposal for treatment of the financial interest and syndication rights rules. Mr. O'Reilly had not been aware of the press reports or the possible existence of a new proposal, and he listened to Mr. Monderer's descriptions. Mr. Monderer stated that this proposal was disadvantageous to the networks. Mr. Monderer stated to Mr. O'Reilly that private parties could not petition the FCC for an opportunity to comment on the new proposal, if it existed, but that the Department of Justice could. Mr. Monderer hoped the Department would do something. Mr. O'Reilly reported his conversation to one or more Communication and Finance Section supervisors, either Ms. Robinson, Mr. Russell or Mr. Rosen.

2. On March 12, 1991, Mr. O'Reilly placed a call to Sandy Wilson, in the FCC General Counsel's office, trying to get a copy of the proposal. Ms. Wilson was not in and did not return Mr. O'Reilly's call.

On March 12, 1991, Mr. O'Reilly called Howard Monderer to ask if he had a written copy of the FCC proposal. Mr. Monderer told him that he did not, the best available summaries of the proposal could be found in two trade magazines. Mr. Monderer said he was going to telefax Mr. O'Reilly a statement from the NBC General Counsel's office outlining and criticizing the proposal. He later did fax the statement which was passed on to Ms. Robinson, Mr. Russell or Mr. Rosen.

3. On March 13, 1991, Mr. Monderer called to tell Mr. O'Reilly that a letter had been sent by Mr. Rill to the FCC and that the financial interest and syndication interest recommendation had been removed from the Commission's agenda. Mr. Monderer stated he was pleased about this. After completing the conversation, Mr. Monderer telefaxed to Mr. O'Reilly a copy of the FCC's agenda and its statement explaining the postponement of action. Mr. Monderer also telefaxed a copy of the Department's letter, which Mr. O'Reilly had not previously seen. Mr. O'Reilly passed all this on to Ms. Robinson, Mr. Russell or Mr. Rosen.

On March 13, 1991, Mr. O'Reilly was contacted by Jim Denvir, an Akin Gump lawyer, who asked if Mr. O'Reilly could make available a copy of the Department's letter to the FCC. Mr. O'Reilly called for clearance and then telefaxed my letter of March 13, 1991 to Mr. Denvir.

On March 13, 1991, Mr. O'Reilly received calls from two reporters, both of whom he referred to the Department's Office of Public Affairs. At the request of one of the reporters, Harry Jessel of Broadcasting Magazine, Mr. O'Reilly explained the structure and the hierarchy of the Antitrust Division and the procedures generally required to terminate or modify a consent decree.

4. On March 14, 1991, at approximately 10:00 a.m. or after, Mr. Monderer called Mr. O'Reilly to tell him that the FCC would possibly issue notice the next day of a ten-day comment period. Mr. Monderer stated what he thought were the possible views of the Commissioners. Mr. Monderer described news reports that had appeared during the week. Mr. O'Reilly reported this conversation to Ms. Robinson and Mr. Russell.

None of Mr. O'Reilly's conversations was communicated to me.

Curtis Jernigan, Chief, Economic Regulatory Section, Antitrust Division

1. Mr. Jernigan received a telephone call the morning of March 14, 1991, from Bruce Kobayashi, an economist with the FTC's Bureau of Economics, humorously grumbling about the Department's letter which he had learned of in the press, because of the likelihood he would have to work on another comment.

This conversation was not communicated to me.

We are pleased to respond to your questions regarding the role of the Justice Department in this matter, and I trust that you will let me know if the Antitrust Division may be of further assistance.

Sincerely,

JAMES F. RILL,
Assistant Attorney General.

OFF-SITE JUDICIAL SECURITY

Senator RUDMAN. We do a lot of work, of course, in this committee with the judiciary. The Judicial Conference is very concerned about the deaths of Judge Duronco and Judge Vance. They have developed a proposal to provide off-site security for Federal judges. It would cost a total of about $17 million. Last year we appropriated $7.4 million for several purposes, including judicial security. There is some dispute—that is too strong a word. There is a misunderstanding between the Judicial Conference and the Marshals Service as to which agency should assume responsibility for funding those items, including cellular telephones, home security systems, and remote car starters. Can you straighten this out?

Mr. THORNBURGH. I think it is on its way to being straightened out, Senator. I met with the Judicial Conference earlier this week, and I have corresponded and met with Judge William Browning, who is the chairman of the committee dealing with this. The confusion, I think, perhaps derives from the fact that we are talking really about the two separate problems.

One was in the aftermath of the despicable bombing death of Judge Vance, in which the Marshals Service sought and received and utilized an appropriation to provide protection, off-site protection and security, for judges in the 11th circuit.

That gave rise to a concern about all judges and off-site security. The question, I believe, boils down to whether that should be included within the judicial budget or the budget of the Marshals Service. Our position has been that it should really be within the judicial because most of the security budgets for persons who are protected by the marshals include the funds to reimburse the Marshals Service. In spite of the fact that there has been some back and forth that has gotten a little heated on the part of a couple of judges, I don't think this is something that can't be worked out, and I have assured the Judicial Conference that we will give it a high profile.

I think, Mike, that we are well underway on doing that, aren't we?

Mr. MOORE. Yes.

Senator RUDMAN. I think it is very important, because in light of their request, if we had any other unfortunate incidents, particularly off-site that could have been prevented, I think we would all feel pretty terrible if it happened because of some bureaucratic foulup. I am not saying whose fault it is or who is responsible for it. We ask these men and women to take great risks in the cases they handle and we know what happens in foreign countries, so we ought to get with this, I think.

Mr. THORNBURGH. Mike, do you want to add anything to what I have said?

Mr. MOORE. We are working, I think, very constructively with Judge Browning. Obviously, it is a matter of concern to Judge Browning and the other members of the committee. I really think it gets down to the policy question of whether the conference wants to pursue this, as well as the budget consideration of where this money is going to come from.

Senator RUDMAN. It is going to come from this committee in one way or another.

Mr. THORNBURGH. Exactly. That is right.

Senator RUDMAN. We would like to have more quantification of the nature of the problem, and the costs of providing appropriate security. We think you are in a good position to advise us about this.

Mr. MOORE. Our estimates, while we have done some preliminary studies, technical studies on what type of equipment would be used, we are estimating in the range of from $12 to $16 million, and that depends on not just the kind of system, but whether you apply it to article III judges; whether you apply it to bankruptcy judges, and magistrates. So there are a number of considerations.

Senator RUDMAN. Hopefully, we will hear from you soon. During this process, we will hear from both the conference and the Justice Department. This committee will have to address this problem. We cannot afford not to.

Mr. THORNBURGH. We are working together, believe me, on that.

COLOMBIAN EXTRADITION POLICY

Senator RUDMAN. On another issue, we understand there is a memorandum of understanding negotiated by the Department and Colombian officials relative to Colombia's policy on extradition. Under this policy, Colombia says to its drug dealers, "We are not going to extradite you as long as you plead guilty, and we are going to reduce sentences." What is that all about? The memorandum of understanding would allow for an exchange of information under this policy. Are you happy with that? We have read about it, but we don't know much about it.

Mr. THORNBURGH. I think the memorandum is slightly less narrow in scope than you described it. Let me just take a minute to give you the history of what has led to the latest agreement, which we do regard as a positive thing.

As you know, the judicial system in Colombia has been virtually neutralized by terrorism and assassination directed against prosecutors and judges as well as the police and military that are involved in the investigation of these cases. That prompted former President Barco to issue an executive decree that enabled him to extradite to the United States under the decree and not under the treaty, which had run into trouble in the courts for the very same reason, intimidation and threats and the like. The decree resulted in the transfer to the United States of some 25 Colombian nationals who were under indictment on charges related to violation of U.S. laws.

That has always been second best to us, Senator. We would much prefer that the judicial system in Colombia be strengthened and regain its credibility as a positive force in their administration of justice so that they can deal within their country with law violators such as the major drug kingpins about whom we are all concerned.

President Gaviria has undertaken a program that is designed to provide some inducement for these major drug kingpins to turn themselves in and confess to crimes under Colombian law. Of course, that is something he can do unilaterally. It is not something that requires acquiescence on the part of the United States.

Our hope and expectation is that this is an alternative method that may produce some results. It is too early to tell what the results are going to be, but in order for them to be in a position to evaluate these individuals and to undertake the second stage following the confession, that is, the prosecution on all other offenses, they need evidence, often, that is in the custody of U.S. authorities.

The agreement which we signed 2 weeks ago during President Gaviria's visit here formalizes our willingness to make that evidence available, so long as the making available of that evidence or witnesses or whatever intelligence information we have is not going to compromise either the integrity of ongoing criminal prosecutions within the United States or, obviously, the safety of any witnesses who may be necessary.

This is an experimental undertaking by his own admission, by President Gaviria, but he wants desperately to bring some degree of stability to his own country and made it clear that the option to continue to extradite to the United States those persons who do not take advantage of this offer which he has made is still open. In fact, we have had extraditions occur since he has taken office.

But we think in the Justice Department and in consultation with the State Department and the National Security Council that he is entitled to our cooperation in attempting this new approach. It is not a matter of academic concern to the president of Colombia, whose own cousin was assassinated within the last month in that country to try to send him a message. He is a man of great integrity and courage, and we feel that we ought to be in a position to cooperate in that regard.

QUESTIONS ON LETTER TO FCC

Senator **RUDMAN**. I have a lot of questions. I may submit some for the record. I also have questions for the record for Senator Hatfield. My friend from New Jersey has been sitting here very patiently. So, I am going to leave it.

Before I do, I will just take 30 seconds to say just two things: First, I hope that Mr. Barr will respond quickly to those questions, and I will make sure he gets them directly. I say this just as a matter of fact. I, frankly, would not look forward to having a hearing here with Mr. Barr and Mr. Rill. I am not looking for that. But some have suggested that. I would just prefer to get a flat, straight-out answer. There is nothing better than the facts. People may not like the facts, but at least they will have the facts.

Senator **HOLLINGS**. Specifically on that, excuse me, Senator, but was he or not contacted by the White House for that? He wasn't contacted by you.

Senator **RUDMAN**. Or anybody else.

Senator **HOLLINGS**. Well, that is the word now, that the White House called. We know about the Sununu letter, and we are going to understand one way or the other about this independent agency and the ex parte proceedings and interference. That is what we want to know.

DEPARTMENTAL CONTRACTS

Senator **RUDMAN**. On a more positive note, I just want to comment that I have stayed in close touch with the Department over the last year, with you, with your deputies, and with your assistants. I have had a lot of dealings with the Justice Department on a variety of issues over the past year. I just want to commend you. I think you are doing a first-rate job. I think the Department is in very good shape, and we are glad to support the initiatives that you bring forth to the committee. I think you will find a lot of cooperation from this subcommittee this year.

Mr. THORNBURGH. Yes; I anticipate that, and that is what the history has been. We appreciate it as well.

FUNDING FOR STATE AND LOCAL LAW ENFORCEMENT

Senator HOLLINGS. Thank you.

Senator Lautenberg?

Senator LAUTENBERG. Thank you very much, Mr. Chairman.

Welcome, Mr. Attorney General. One of the advantages of being a member of this subcommittee and not being a lawyer is I get very good lessons every time I come here, and I hear from distinguished colleagues who know a lot about the law. Senator Rudman always provokes thought, as does the distinguished chairman of this subcommittee. I enjoy being here. I like the responsibilities we have.

Mr. Attorney General, with all the talk from the President and from the Congress about fighting crime and recognizing that the most effective law enforcement is at the local level, we have seen a substantial increase in the crime rate over the years, and yet the support for local law enforcement by the Federal Government has not kept pace. In 1950, I am told that there were three officers on the street for each violent crime, and by 1990, the ratio had just reversed itself. There was less than one sworn officer for every three violent crimes. So it is obvious that we need more cops and we need more local law enforcement personnel.

But the President's budget proposes no increase in aid to State and local law enforcement agencies. In fact, the $490 million allocated for such aid would actually mean a cut of more than $50 million for State and local enforcement agencies because the same amount of money would be used to fund programs that are now funded separately, such as the FBI's National Crime Information Center. Are you anticipating my questions? [Laughter.]

Shall I ask the whole question again?

Mr. THORNBURGH. No.

Senator LAUTENBERG. Included in the funding in the past was the FBI's National Crime Information Center. It was separate; now it is included.

If fighting crime calls for more stringent local law enforcement support, why are we getting a cut in assistance for those programs?

Mr. THORNBURGH. I guess I would look at the numbers somewhat differently than you do, Senator, but I think there is a premise here that perhaps requires some addressing. I don't know that it has ever been suggested that the Federal Government should in any way subsidize State and local law enforcement. It is, as you point out, a responsibility of the State and local governments to provide for public safety needs. I know that having served 8 years as Governor of the State of Pennsylvania public safety was always a high priority. When we were cutting the bureaucracy by eliminating some 15,000 unnecessary jobs, we still increased the number of people in our State police and in our prison system.

I note that in New York City, facing a severe fiscal crunch, Mayor Dinkins and Police Commissioner Lee Brown, to their credit, are putting 5,000 more cops out on the streets in that area. It is an important matter within the scope of every elected official to establish priorities as to how limited funds are to be utilized.

Under this President, since the time that I have been here as Attorney General, we have added 1,500 new prosecutors and about 1,500 new DEA and FBI agents to deal with our responsibilities in the crime area. We do have a program in the Bureau of Justice Assistance, the Edward Byrne Memorial State and Local Law Enforcement Assistance Programs, which is designed to respond to drug programs that are generated by each of the States, to provide help on a spot basis for the States and local governments within those States. No one, I think, would suggest that that roughly $500 million in funding is going to be a make-or-break share of the funding that supports law enforcement.

Nonetheless, it is important in the drug area, and we are glad this has strong support in the Congress. At the same time, there is an additional $150 to $200 million a year that goes back to local law enforcement through the asset forfeiture fund deriving from joint investigations taken out, again, in drug areas.

I first got into the law enforcement business well over 20 years ago, and I have seen a lot of law enforcement officers in that period of time. I never met one, whether it was a police chief or a sheriff or a U.S. attorney or an Attorney General, who said he had enough. In truth, it is very hard to strike a proper balance on appropriations, as the chairman noted, within the constraints that you have on this subcommittee, as to what you are going to put into law enforcement and where it is going to come from.

We had some 650 Federal, State, and local law enforcement officers here last week for a 3-day meeting with discussions about the problem of violent crime, which is the center stage and concern to the American people, and quite properly so. We had very few speeches, mostly sitting together to try to puzzle through how we can do a better job and how we can replicate what works in communities across the country within the fiscal constraints that all of us in law enforcement recognize are going to be there.

I think it was a positive and productive exchange. Those chiefs and sheriffs and judges and correctional people and community-based groups that were there, I think, to a person felt that this was a very positive way to develop the kind of coalition, if you will, to restore the rule of law to our communities, much the same way that the President's coalition restored that rule of law in the gulf. I don't want to torture that analogy too much, but it came at a time of when we were reminded how important it is to have a joint and cooperative effort.

I would like to think that there is more to it in terms of dealing with this serious problem than what the level of funding may be.

You mentioned the NCIC. That is an appropriation that is largely beneficial to State and local law enforcement.

APPROPRIATE DISTRIBUTION OF RESOURCES

Senator **LAUTENBERG.** Everything is beneficial. Mr. Attorney General, with all due respect, you are an articulate and intelligent man, and everyone here, Democrats included, has great respect for you, but as I hear your explanation, it refreshes my memory about what we do around here when we don't have resources; very often, we talk about them.

It is nice to hear that there have been conferences and speeches. The fact is that I would ask you: Are we gaining on the crime problem? Does local law enforcement make a difference? Has there been funding in the past? If there has been funding in the past, and you are now saying, "Well, it is not necessary"——

Mr. **THORNBURGH**. No; I am not saying that.

Senator **LAUTENBERG**. Well, you are saying it is not a Federal responsibility. You talked about your term as Governor. I live next door to you, and I know that you worked very hard in heading your State very efficiently, but the fact is that if we don't have any responsibility to local law enforcement, maybe we ought to just cut the program out. I mean, I don't understand when the crime statistics tell me, and you don't have to be an attorney. I come from a statistical background; statistics tell me that crime is gaining on us regularly, and if there is a significant factor in fighting crime at the local level, then I think the Federal Government ought to be of as much help as it can be.

The objective is to apprehend the criminal, to prevent crime from overtaking our communities, and if the Federal Government feels that way, then we ought to have some help. The analogy really with the Persian Gulf, Mr. Attorney General, I mean, when we went there, we decided to put every damn dime that was necessary to make that fight end. There were no holds barred. So I don't think the analogy quite works, I must tell you. I respect you and hear your point of view, and what I hear you say is that less is better.

Mr. **THORNBURGH**. You have not understood me, then, and that is my fault. Let me be direct. If you can find $1 billion extra to appropriate to Federal law enforcement, we can use it. If you can find——

Senator **LAUTENBERG**. Would you use it on local?

Mr. **THORNBURGH**. If you can find $1 billion to give to local law enforcement, they can use it. But I would suggest that consideration be very carefully given to the consequences of taking the $1 billion for local law enforcement out of existing funding for Federal law enforcement before such a step is undertaken. I have a great deal of sympathy with my counterparts at the State and local level. I worked with them for 20 years, and I know a lot of courageous mayors and Governors are making the funds available from the source that primarily has to be relied upon. I am not saying that we should cut out aid to this purpose and increase the amount of funding under what is now the Edward Byrne Law Enforcement Assistance Program from what it was when he came to office.

I am only saying that two things: First, I recognize and the President recognizes the constraints under which this subcommittee must work with regard to this year's budget, and the proposal that we have made, we feel, is a responsible proposal. But second, please don't misunderstand me: If there is additional priority, if it is going to be placed by this Congress on aid to local law enforcement, I think that money can be responsibly used.

USE OF FEDERAL RESOURCES AT STATE LEVELS

Senator **Rudman**. If you would yield, Mr. Attorney General. I would like to point out to my colleague that we went from $150 million 3 years ago to $492 million this year in grants to local law enforcement. We have been trying to keep up. But I would have to say to my friend from New Jersey, and he is my friend, that given a choice between allocating a scarce resource to a Federal agency versus a State agency, I would have a hard time going to a State agency when nearly $500 million is already directed for this purpose. The other point I would make, because we work by consensus in this committee, is that every time we increase DEA and FBI, in reality, we are increasing local law enforcement. I talked with one of the top people in the State police of New Hampshire, who came to your conference, and asked, "How are you doing with the Federal people?"

He said, "You know, we are working almost exclusively now with the DEA to help make our cases. It just works out better for us. They have the resources and we don't."

So, in a sense, every time we increase DEA and increase FBI and you put more people in the field in New Hampshire and elsewhere, that is increasing local law enforcement. But as a practical matter, Mr. Chairman, we have gone to nearly $500 million for local grants. I would like to see more, but I am not sure we have it. That is just a general observation.

Senator **Lautenberg**. And respectfully acknowledged. The fact is that we ain't gaining on it, and to use a Hollings type of expression. It is where we look at the result and how we get there and how we deal with it is the question. There was $900 million authorized last year. We appropriated this $490 million, and again, once you start taking functions that were separately funded and take them out of here, we reduce the sums available.

Obviously, we are not going to resolve it here, but I feel compelled to express my point of view on that, and it is disappointing, as far as this Senator is concerned.

BAN ON IMPORTATION OF ASSAULT WEAPONS

Another question, Mr. Attorney General, is that police officers not only find themselves at a numerical disadvantage against criminals; they are also increasingly outgunned. More and more criminals have deadly assault weapons available to them designed for war. They pose a serious threat, as everyone knows, not only to the safety of our police, but to all the citizens. In 1989, the administration seemed to recognize the dangers of assault weapons and they did ban the importation of several such types of weapons, and then there was a reversal of policy, permitting the importation of seven types of highly dangerous assault weapons that had been previously prohibited.

Why didn't the administration stick with its original position of 1989 and what I consider to help out the police departments to protect themselves?

Mr. **Thornburgh**. I can't answer that, Senator. That is a matter dealing with Customs and BATF jurisdictions. The findings, the definitional problems, when it comes to what is an assault weapon, of course, is a sticky point all along. It is the same kind of problem they have had in Maryland in trying to identify the Saturday night special. They set up a board to try to identify with some precision what the type of offending weapon was, and as the Attorney General said this week, it has been somewhat less than a rousing success.

The administration's undertaking was to deal with the importation of a particular type of weapon, and what the definitional problems were that made them counter that, I just don't know.

Senator LAUTENBERG. But it is within your Department, and again, you come with an abundance of experience. Is there not a point of view that you would furnish that helps me understand why the policy decision was made? I mean, you are not remote from this, obviously.

Mr. THORNBURGH. I am remote from the decision. That is from the Treasury Department, not the Justice Department.

Senator LAUTENBERG. Right, but on the other hand, you have, I think, within your Department unique knowledge about the use of them either complimentary or similar to the conclusions derived. What do you think about that in terms of crime fighting about the ban on assault weapons? Do you think it would be a good idea?

Mr. THORNBURGH. I think it makes good sense so long as you can identify what the weapon is, but as I indicated, the experience in dealing with those definitional problems has not been as precise as it might be. Our concern and the President's concern is that we establish some real deterrent to the use of these weapons by imposing very stiff penalties for their criminal use and by reducing their effectiveness by banning the large magazines that have the fire power—that is where the fire power comes from, the magazines that are utilized by these weapons. If they don't have the magazines, then they don't have the threat. I just don't know what went into the decisions made in the Treasury Department with respect to the importation of these devices.

Senator LAUTENBERG. I think that the simplest definition is that one pull of the trigger gives you lots of shots.

Mr. THORNBURGH. Automatic weapons, of course, are banned and have been since the midthirties. The definitional standard is "sporting purposes", and that has never proved to be easy in application, so I have some sympathy with my counterparts in the Treasury Department in trying to do that.

ALTERNATIVES TO INCARCERATION

Senator LAUTENBERG. I was hoping your sympathies would lie this way.

Mr. Attorney General, we know that sanctions that are typically used for criminal behavior are incarceration. We have had discussions here and we have it all the time about the extreme overcrowding in the prisons, and I wonder whether or not there is thought given to nonincarceration sanctions. I have proposed and had passed, legislation to encourage States to take away drivers licenses, administrative revocation of license for people under the influence of drugs and alcohol for a long time.

Has the Department done any studies, any reviews of alternatives to incarceration that might have an effect that would help us arrest the criminality and at the same time not burden us with the continual problems?

Mr. THORNBURGH. I think most of that study has been done within the Department of Transportation, because generally, it is attached to the funding.

Senator LAUTENBERG. I am not talking now about the driving.

Mr. THORNBURGH. Other alternatives?

Senator LAUTENBERG. Yes; I am talking about criminality in general.

Mr. THORNBURGH. Yes; we have done a good deal on that. It began with a conference that was held in Washington, again, much as you feel that these conferences don't have much worth, I would take the——

Senator LAUTENBERG. That is really not fair. If you are going to offer me conferences instead of money, I am going to say no. If that is the option, that you want to give me A or B——

Mr. THORNBURGH. No; what I am trying to say is that we try to lay the ground work for strategy by bringing together the experts. You made light, I am sorry to say, of the conference that was held here last——

Senator LAUTENBERG. I didn't make light.

Mr. THORNBURGH. I misunderstood you, then, Senator.

Senator LAUTENBERG. We are having a tough time this morning.

Mr. THORNBURGH. On alternatives to incarceration, we did bring together people from across the country who have had experience in this regard to try to chart some ways that not only could the Federal Government utilize this, but that we could share with our State and local counterparts what works. We have now embarked on a number of experiments using electronic monitoring, halfway houses, boot camps, and the like, which are also being funded through our programs to aid State and local governments in carrying out the same thing. I think the jury is still out on all of those, but I agree with you that it is a very important initiative for the prisoner that doesn't pose a real security risk. You are not going to take a violent career criminal into those programs, as you know, but everyone that we can get out of a prison space and into a program that involves an alternative to incarceration frees that space up. So we quite agree with you. That is a very——

REMOVAL OF PROFESSIONAL LICENSES AS SANCTIONS

Senator LAUTENBERG. I am looking for the possibility of extending sanctions to the removal of, let's say, professional licenses, whether they be pharmacist, physician, accountants, drivers licenses, any license that enables one to pursue something.

Mr. THORNBURGH. You bet. I think the President's overall antidrug strategy makes clear that the noncriminal sanctions, loss of Federal benefits, loss of other federally derived privileges, can be utilized. The problem with dealing with that at the State and local level is it has to be attached to a funding mechanism. Now, we have, for example, used that as a condition or propose to use it as a condition on antidrug grants to oblige State and local authorities to conduct drug testing programs for arrestees, inmates, and people in postrelease status so that we can have a greater effect on dropping their drug usage.

The Department of Transportation initiative with regard to driving privileges is another example, but we have to have some tag on it with regard to the State and local offenders while we pursue our own methods.

Senator LAUTENBERG. I was the author of the license revocation bill, and we gave States the option of opting out, and it looks as if it is a program that has been enthusiastically received. Mr. Attorney General, in our former lives, I was the chairman of a company that had a lot of employment in Philadelphia and Pittsburgh. I used to get a warmer reception in those areas. Anyway, it is nice to see you.

Mr. THORNBURGH. I am sorry. I don't mean to be antagonistic. It was a very meaningful event for the 650 people who came from across this country for the conference.

Senator LAUTENBERG. I am sure it was. I haven't denied that.

Mr. THORNBURGH. And to have it dismissed as simply speechmaking causes my gut to react.

Senator LAUTENBERG. If you look at the transcript, read the transcript, and listen to what you said before we had that buildup; that wasn't the only issue.

Thank you very much, Mr. Chairman.

Senator RUDMAN. I think, Mr. Chairman, there are a lot of people from Pennsylvania and New Jersey. It is usually people don't understand you. [Laughter.]

Senator HOLLINGS. With all this stir between Philadelphia and Trenton, I can see why Campbell picked that area to make soup. [Laughter.]

Senator LAUTENBERG. I am across the river there, Mr. Chairman.

HAWAII DETENTION FACILITY

Senator HOLLINGS. General, with respect, I have got just a couple here. Let's get ahead of the curve, as they say in the Air Force, with the U.S. Marshals Service and wake them up. We began 5 years ago with the Bureau of Prisons, telling them that we saw the need out there in Hawaii for prison facilities. Now 5 years later, the Assistant Attorney General says a "crisis currently exists with regard to how the Federal detainees in the State of Hawaii are being maintained." They are flying them back and forth to the mainland at tremendous cost.

Yet you have got to have the facility requested by the Marshals Service, and the Marshals Service, at best, I think, is looking at a No. 4 priority in 1993 for such a facility in Hawaii. So then we have to earmark and then we hear from folks, "Why are you earmarking a prison facility for your friend, Senator Inouye?" We are trying to satisfy a crisis that your own department agrees exists. Senator Inouye has been bringing the question of need up year after year. Please get on the Marshals Service and give us a priority so the situation doesn't develop into even more of a crisis.

Mr. THORNBURGH. Do you hear that, Mr. Moore?

Mr. MOORE. I certainly do, and I can tell you that it is a crisis in many parts of the country. Hawaii really has come to the boiling point recently. While we did have space out there with the Public Safety Department, because of their own overcrowded conditions, they are going to be kicking us out soon.

It is a very expensive proposition; we have worked closely with the Bureau of Prisons and the Immigration and Naturalization Service to come up with a comprehensive, coordinated, first-time, 5-year detention plan, and it lays out city-by-city where the most severe overcrowding problems are.

We have gone ahead and included Hawaii, bumped it up into a higher priority position because of the more recent events, but it is receiving very careful close attention and it is, as you say——

Senator HOLLINGS. Did you submit it this year's budget request?

Mr. MOORE. It will be in the request that we submit on the 5-year detention plan.

Senator HOLLINGS. But not for fiscal year 1992. We are in a crisis situation now.

Mr. MOORE. It is not in the 1992 request, but it will be.

Senator HOLLINGS. So, it is a crisis, but not a request, and you are studying and reviewing it. You are going to be as white-headed as me when we finally get to building it. [Laughter.]

Senator RUDMAN. Maybe before the day is over, actually. [Laughter.]

Senator HOLLINGS. Let's take a serious look at that one. And, let me provide for the record a copy of the Assistant Attorney General's letter and interagency study regarding the need for a Federal detention facility in Hawaii.

[The information follows:]

LETTER FROM W. LEE RAWLS, ASSISTANT ATTORNEY GENERAL, OFFICE OF LEGISLATIVE AFFAIRS, U.S. DEPARTMENT OF JUSTICE

FEBRUARY 26, 1991.

Honorable ERNEST F. HOLLINGS,
Chairman, Subcommittee on the Departments of Commerce, Justice and State, the Judiciary and Related Agencies, Committee on Appropriations, United States Senate, Washington, DC.

DEAR MR. CHAIRMAN: Please find enclosed an interagency study regarding the need for a Federal detention facility in Hawaii, which was requested by the Senate Appropriations Committee in its October 1990 report on the fiscal 1991 appropriations for the Department of Justice (Senate Report 101–515, pages 55 and 56). We apologize that this report could not be furnished to the Committee by February 1, 1991. It was difficult to coordinate the travel schedules of principal Department staff involved, as well as the Federal officials who had to be visited in Hawaii. However, we felt it important that we get this report to your Committee before the appropriations hearings in March.

The interagency study indicates that there is a growing need to house Federal detainees in Hawaii and recommends that a combined mission Bureau of Prisons (BOP) facility be built to provide the required bedspace. BOP is currently reviewing its Capacity Expansion Plan and updating it to include a Hawaii detention facility.

We appreciate the opportunity to address the concerns of the Committee on Appropriations with regard to the need for such a facility.

Sincerely,

W. LEE RAWLS,
Assistant Attorney General.

Enclosure.

STUDY ON THE NEED FOR A FEDERAL DETENTION FACILITY IN HAWAII

BUREAU OF PRISONS, UNITED STATES MARSHALS SERVICE, IMMIGRATION AND NATURALIZATION SERVICE—JANUARY, 1991

In its October 1990 report on the fiscal 1991 appropriations for the Department of Justice, the Senate Appropriations Committee directed the Bureau of Prisons (BOP), the United States Marshals Service (USMS), and the Immigration and Naturalization Service (INS) to prepare a joint study on the current need for a Federal Detention facility in Hawaii (Senate Report 101–515, pages 55 and 56). The Committee believes that a need for such a facility exists due to the physical isolation of the Hawaiian Islands and the resulting lack of alternative prison capacity.

The feasibility study done by BOP in 1986 recommended that the most practical alternative for Federal detention in Hawaii was a "combined mission" facility, in which the detainees or prisoners of all three Department of Justice agencies would be housed, with the degree of separation required. This objective was not pursued, however, because of the high priority needs for additional detention and prison facilities that existed elsewhere. In addition, sufficient contract resources for USMS and INS had been provided by the state of Hawaii for the relatively low number of detainees in that jurisdiction, until recently. Therefore, a detention facility was not included in the recent Federal Detention Plan developed jointly by BOP, USMS, and INS. That plan concentrates on critically needed detention facilities in several larger metropolitan areas in the continental United States, particularly the Northeast. Many resources have also been needed to provide more long term prison space in order to relieve serious systemwide inmate overcrowding in the BOP.

In early January, 1991, a joint working group from the headquarters of the three Department of Justice agencies visited Hawaii. The group met with several state and Federal officials, including the U.S. Marshal, the Chief Judge of the U.S. District Court, and the state Director of Public Safety. The group also visited state contract facilities and locations for potential sites for a future Federal detention facility.

CONTRACT RESOURCES PROVIDED BY THE STATE OF HAWAII

Hawaii is one of only two states in which there are no local (city or county) detention facilities. All detention and correctional responsibilities are handled by the state. Therefore, the state is the only potential contractor with which the Federal government can contract to house its detainees.

In 1984, the USMS negotiated a Cooperative Agreement Project (CAP) with the state of Hawaii under which it agreed to provide 50 guaranteed bedspaces for USMS prisoners for a period of 15 years in return for $800,000 in CAP funding to support renovation projects at three state detention facilities. At the time the CAP agreement was executed, the district's average daily prisoner population was approximately 24, and the CAP bedspace guarantees acquired appeared to be adequate.

However, since that time, the district has experienced dramatic growth in its prisoner population (increasing 266 percent from fiscal year 1985 to fiscal year 1991) and generated the requirement for additional guaranteed bedspace for USMS prisoners. As a result, a formal CAP offer letter to the state of Hawaii was issued July 25, 1990 for $1 million in CAP funds for an additional 100 bedspaces.

Even though the CAP offer was increased to $2.5 million during on-site negotiations conducted September 18, 1990, the state refused all CAP initiatives, citing local overcrowding concerns as well as the 1985 Federal court order and consent decree requirements which have set prisoner population ceilings. State prisoner population projections completed in January, 1991, also support the state's position that it will be unable to provide detention space for Federal prisoners.

Since the joint group's visit, the state has required that its contract population be reduced to the CAP limit of 50. This has resulted in an initial transfer of 44 detainees to mainland BOP facilities. In addition, the Director of Public Safety announced in late January, 1991, that he intended to seek the termination of the CAP agreement and the removal of all Federal contract detainees from state facilities, even though such an action would require Hawaii to refund a portion of the funds provided under the 1984 CAP agreement. If this action occurs, there would be no detention space available in Hawaii to support Federal criminal justice activities.

HAWAIIAN DETAINEE AND PRISONER CASELOADS

United States Marshals Service.—In January 1991, the caseload of USMS prisoners has been about 90 to 100. However, this number is expected to continue to increase in the future. By 1996, it is projected that the caseload will be 150 to 200.

Immigration and Naturalization Service.—The Immigration and Naturalization Service's original long range detention plan included a projected need for 50 beds in Hawaii. INS's fiscal year 1992 budget request included funds to establish a 50 bed contract facility, to complement use of state facilities. INS projects there will be an increase in the INS workload from about 34 monthly detention admissions in fiscal year 1990 to about 130 in fiscal year 1993 and beyond. Using INS's projected average length of stay of 16.8 days (by fiscal year 1994), it is estimated that approximately 26,000 man-days of detention will be used, resulting in a need for about 70 beds. The estimated increase in the workload results from the increased requirements imposed by the Immigration Act of 1990, the expected increase in passenger traffic and malafide applicants related to the addition of 40 inspectors (a 50 percent staff increase) and a new wing to the international airport, as well as a more effective enforcement effort related to criminal aliens.

Bureau of Prisons.—In January 1991, there were 210 offenders in long term BOP custody who were sentenced in Federal Court in Hawaii. If a "combined mission" Federal institution were available, approximately 60 percent of this group could be housed there. The reasons many inmates could not be incarcerated there are because such a facility could not provide adequate security, some inmates need specialized medical or psychiatric care, and others would have to be separated from fellow offenders for security reasons.

By fiscal year 1996, BOP projects its population will increase by 77 percent beyond its current level. Assuming the pace of Federal law enforcement activities in Hawaii mirrors the national trend, BOP expects to have 375 inmates from Hawaii in custody at that time. Of that group, 225 inmates would be appropriate for placement in a combined mission institution.

PROJECTED SIZE AND COST OF A HAWAIIAN FACILITY

From the joint group's analysis of current USMS and INS caseloads and the anticipation of continued increases in Federal law enforcement activities, it is concluded that a combined mission facility should have from 450 to 550 beds.

The costs of a Hawaiian facility are expected to be relatively high. It may be necessary to purchase expensive land for the project, if available or surplus Federal property cannot be developed. It would be somewhat smaller than most facilities BOP is now building, so it will cost more on a per capita basis because of construction economies of scale. It is expected that construction costs in Hawaii will exceed the national average. The degree of separation that will be necessary for a facility with multiple missions will also add to the cost of construction.

Those caveats noted, the BOP estimates that costs for a Hawaiian combined mission facility of 450 to 550 beds will be $40 to $65 million.

SITE ACQUISITION

During its visit, the joint group was able to locate, in a preliminary way, a small number of potential sites. It is to be emphasized, however, that the site acquisition process is a lengthy and complex one, normally taking several months. BOP follows the requirements of the National Environmental Policy Act (NEPA), which directs that the environmental effects of an action such as this be thoroughly considered and discussed with all interested parties. Therefore, considerable additional work locating and evaluating sites, as well as involving the local community and other interested parties, will be necessary after a decision is made to pursue development of a Federal detention facility in Hawaii.

CONCLUSION

A crisis currently exists with regard to housing Federal detainees in the state of Hawaii. A problem area for the last few years, the situation has worsened recently because of the state's increasing inability to provide contract detention space for the US. Marshals Service and the Immigration and Naturalization Service.

It is recommended that a combined mission BOP facility be developed and built in Hawaii to provide critically needed bedspace for USMS and INS detainees. If possible, such a facility should also include bedspace for those long term prisoners from Hawaii who would be appropriate for such a facility.

NEED TO TRY NORIEGA IN PANAMA

Senator HOLLINGS. Getting ahead, now we have got Noriega, which has been a matter of interest to me, and if you convicted him, General, in the next 10 minutes, it wouldn't be met with serious credibility down in his own country. That is just a situation that exists.

You had the interference, they say, with the confidential communications; now Novello, the principal witness has been bumped off, and there are more serious charges. Can't we let the Panamanians try him for the murder and the most serious charges and solve this problem?

This time next year, unfortunately, it looks like Saddam might still be there, committing way more serious crimes. We killed 28 to get Noriega and bring him to justice. We killed 128 in the Middle East, but did not bring Saddam to justice. We don't care about a U.N. resolution. In fact, Kuwait condemned us for going in and getting Noriega. Kuwait and 73 members of the United Nations resolved against the United States for making aggression in Panama.

The Government is saying, "Oh, we got Noriega and next March, we will convict him." Saddam will still be sitting over there, and I think now that we have got Panama asking for Noriega, get him down there and let them try him for murder by his own peers. Isn't that the jury system, by your own peers? We can bring Noriega up here to find him guilty by a jury of a bunch of gringos. That doesn't sell apples in Latin America, and it is a headache that is going to continue to boil, but you can control it. You might get rid of that headache before it bursts this time next year. I would like to see us do something like that rather than spend all that time and money and everything else. But in any event, I will submit my questions for the record.

ADDITIONAL COMMITTEE QUESTIONS

Do you have anything more?

Senator RUDMAN. I will submit them for the record. I think we have kept the Attorney General for an hour and 40 minutes. That is about the right amount for a hearing.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR ERNEST F. HOLLINGS

Criminal Law Enforcement

QUESTION: There have been virtually unprecedented increases in law enforcement resources from 1989 through 1991. Representative increases are Organized Crime Drug Enforcement Task Forces, 67 percent (from $196.3 million to $328 million); Drug Enforcement Administration, 30 percent (from $535 million to $694 million); and United States Attorneys, 46 percent (from $460 million to $673 million). Much of these additional funds have been targeted for drug enforcement. What has been accomplished with these additional resources? How does the Department measure its "success" in using additional law enforcement resources?

ANSWER: Since 1988, both Federal drug convictions and weapons offenses, which are now routinely included with drug cases, have increased over 40 percent. In the area of financial institution fraud, from October 1988 through April 1991, 718 defendants in major savings and loans cases have been charged and 522 convicted; of those sentenced, 315 have received prison sentences. In fact, 170 of the defendants successfully prosecuted were chief executive officers, presidents, directors and other bank officers. Our total number of convictions in all criminal cases has expanded from 35,433 in 1988 to 40,760 in 1990. This number alone does not begin to reflect the increasingly complex and lengthy investigations that have been undertaken by Federal prosecutors.

Emphasis on the prosecution of organized crime figures continues, with 132 defendants indicted and 280 convictions secured in 1990. Initial statistics indicate substantially more organized crime cases are under investigation.

In the area of drug prosecutions, our Organized Crime Drug Enforcement Task Force (OCDETF) investigators and attorneys continue to pursue long-term, complex investigations utilizing all the tools that Congress has made available. These OCDETF staff routinely employ Racketeer Influenced and Corrupt Organization, Continuing Criminal Enterprise, and Armed Career Criminal statutes in this war. Over 1,500 indictments involving over 5,000 defendants were filed by the OCDETF attorneys in 1990.

Our civil attorneys have increasingly pursued affirmative litigation in an effort to recover money on behalf of the United States. These actions range from an $18 million judgment against a dentist for fraudulent Medicare claims in the Eastern District of Pennsylvania to $18 million from a Florida savings and loan that abused the Federally-insured student loan program. The amount of illegally-obtained assets that has been forfeited to the United States has grown from $205,943,049 in 1988 to almost $500,000,000 in 1990. We have also made gains in the area of debt collection. Many

United States Attorneys' offices collect more money than they spend on annual operating costs. In 1990, cash collections, offsets, and property recoveries for all United States Attorney offices totaled $679,000,000, a figure that exceeded the United States Attorneys appropriated budget by approximately $115,000,000.

During the past 2 years, the Bush Administration has advanced and enhanced one of the single greatest vehicles for cooperative law enforcement, the Law Enforcement Coordinating Committees (LECCs), directed by each United States Attorney. At the encouragement of the Attorney General, LECCs have made great strides in furthering cooperative efforts, thus making the most effective use of precious resources. In furthering this goal, LECCs have sponsored training seminars, much needed by State and local law enforcement whose budgets often do not provide for in-service training or travel to training sites. Thousands of State and local law enforcement officers have been trained at LECC-sponsored seminars on topics such as asset forfeiture, crack cocaine, environmental crime, pornography, financial institution fraud, money laundering and drug gangs.

QUESTION: To what extent has drug use/distribution declined as a result of the much larger resources devoted to illegal drug law enforcement? How is the decline measured?

ANSWER: Evidence is emerging that suggests resources devoted to both national illicit drug supply and demand reductions efforts are having a positive impact. The National Institute on Drug Abuse's (NIDA) National Household Survey on Drug Abuse statistics shows an 11-percent decrease from 1988 to 1990 in current overall drug use. Current cocaine use has dropped during the same period by 45 percent, occasional use by 29 percent and frequent use by 23 percent. Drug-related medical emergencies for all drugs fell 18 percent.

Similarly, NIDA's National High School Senior Drug Abuse Survey shows a continuing decline in the use of illicit drugs. In 1990, 47.9 percent of high school seniors reported use of an illicit drug, down from a high of 66 percent in 1982. The survey also found that current use of cocaine and crack declined significantly since 1989, by one-third and one-half respectively. Daily use of cocaine and crack declined by two-thirds and one-half respectively.

The primary mission of law enforcement is to reduce the overall supply of illicit drugs. The objective is simple: to conduct investigations leading to the arrest, prosecution, conviction, and incarceration of drug traffickers while confiscating their ill-gotten gains. Between 1989 and 1991, Drug Enforcement Administration agents alone will have made an estimated 70,000 arrests and seized nearly $3 billion in assets. Nearly 70 percent of the arrests are of major violators. Recent budget enhancements have allowed the Drug Enforcement Administration to concentrate efforts on investigations of major traffickers and trafficking organizations.

The Drug Enforcement Administration leads not only our national but also the international efforts to dismantle major trafficking overseas. The Drug Enforcement Administration has used recent budget enhancements to pursue foreign cooperative investigations. In the past 3 years, several top Colombian cartel leaders have been removed or incapacitated: Carlos Lehder; Jean Matta Ballesteros; Gonzaolo Rodriguez Gacha; Gustavo Gaviria; and Jorge, Fabio, and Juan David Ochoa. Pablo Escobar is a fugitive. Just a few years ago, no one would have thought this possible.

The 1991 International Narcotics Control Strategy Report links United States/foreign government cooperation to a halt in worldwide growth of coca cultivation and opium production. Cultivation in Bolivia and Colombia actually declined in 1990. This is the first time in a decade coca cultivation has not increased. Opium production also declined -- by 10 percent worldwide in 1990. These trends, if sustained through cooperative efforts, will lead to a significant reduction in the illicit drugs distributed and available in the United States and throughout the world.

Federal Correctional Facility in Estill, South Carolina

QUESTION: Your 1992 budget request includes $14.6 million for the activation of the new Federal Correctional Facility in Estill, South Carolina.

What is the estimated date of activation of this facility?

ANSWER: Construction of the Federal Correctional Institution Estill, South Carolina is on schedule. This facility is scheduled to open in July 1992.

QUESTION: When will hiring begin for the facility?

ANSWER: Hiring for the Estill facility should begin in the spring of 1992.

QUESTION: How many local folks do you anticipate you will be looking to employ?

ANSWER: The Bureau of Prisons expects to hire approximately 50 to 60 percent of the total staff locally. This would mean that approximately 200 workers would be hired from the Estill area.

Violent Crime Initiative

QUESTION: You have requested $12,853,000 and 60 workyears for a violent crime initiative in the United States Attorneys Office. Your justification material indicates that the violent crime initiative will be presented in more detail in March.

Now that it is March 14, can you please describe for the subcommittee what this $12.8 million violent crime initiative

is? Will it require statutory language or are you going to be enforcing existing statutes?

ANSWER: The new Violent Crime Initiative, announced by the Attorney General at the March 4-5, 1991 Crime Summit, consists of two components. From the overall total, $9,000,000 of the request is reserved as a funding source for violent crime investigations and prosecutions in major cities. Once a locality is selected, funding will be provided based on the requirements of the local law enforcement agencies and the types of violent crimes unique to the area.

The second component of the initiative, 60 workyears and $3,853,000 designated for the United States Attorneys, will be used to coordinate the activities of the various task forces.

The Violent Crime Task Forces will employ a two-phased "weed and seed" strategy. In phase one, Federal, State, and local law enforcement will engage in a massive "clean sweep" effort to "pull the weeds" -- to remove violent predators and drug dealers from the target area. In phase two, Federal and State agencies can "plant the seeds" of a new tomorrow, by housing renewal and encouragement of legitimate enterprise in the target area.

Planning has been underway for a number of months now. It is envisioned that the initiative will provide a great deal of flexibility to enable the United States Attorneys, under the direction of the Deputy Attorney General, to respond to future violent crime problems.

QUESTION: Will other Federal, State, or local agencies be involved in this violent crime initiative? Do they know about their respective roles yet? If other Justice agencies are involved, will their costs be absorbed from whatever is appropriated in 1992, or are there requests outside the United States Attorneys' $12.8 million request related to their violent crime initiative?

ANSWER: All relevant agencies and levels of government will be participants in these task forces. For example, in 1989, as a result of suggestions by Senators Arlen Specter and the late John Heinz, the United States Attorney for the Eastern District of Pennsylvania, which encompasses Philadelphia, initiated a multiple agency task force known as the Violent Traffickers Project (VTP) to combat violent drug trafficking organizations. The task force acts under the coordination of the Drug Enforcement Administration in close liaison with the United States Attorney's Office. It consists of the Philadelphia Police Department and District Attorney's Office, the Pennsylvania State Police and Attorney General's Office, the Immigration and Naturalization Service, and the Bureau of Alcohol, Tobacco and Firearms.

After 2 years of operation, VTP investigations resulted in 42 indictments and 386 individuals arrested. The conviction rate was 100 percent. VTP activities resulted in over

$2,000,000 in forfeitures, and a substantial portion of the proceeds will be shared with the State and local agencies taking part in the individual investigations.

Other Federal agencies may absorb their own costs. Funding ($9,000,000) will be available for reimbursement to State and local agencies to cover specific expenses.

Office Automation

QUESTION: Headquarters legal divisions have indicated that with office automation the clerical workforce can be reduced because "knowledge workers" begin to draft and produce written material on their office automation workstations. The United States Attorneys continue to seek roughly one support person for every new attorney. This has been the pattern for 1989 through 1992, during which Project EAGLE is being installed across all United States Attorneys offices.

Why are we not seeing any support personnel savings from United States Attorney offices from the multi-million dollar project EAGLE investment? When will we be able to see such staff savings?

ANSWER: Prior to the installation of Project EAGLE, the United States Attorneys began their Office Productivity Study whereby baseline data was collected from two pilot districts to comply with OMB Circular A-11 Section 43. A post-implementation office productivity review began in April 1991. Study results from the pilot offices will be used to identify and project both benefits and savings associated with the Project EAGLE investment.

Syracuse University Study

QUESTION: Syracuse University's Transactional Records Access Clearinghouse (TRAC) has published a report (December 1990) titled "Federal Prosecutors: Composition and Growth in Staffing in each United States Attorneys Office in the Last Decade."

The report notes that there have been "large differences in the relative staffing level (percentage growth) available to handle the workload in different communities in this country." Further, the report describes the distribution of additional Federal prosecutors added by Congress as "quite erratic, and does not appear to reflect any clear vision of national goals."

What are the United States Attorneys view of the TRAC report findings? Do the United States Attorneys coordinate with the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA) and the United States Marshals Service in the overall allocation of new staff? Are we putting agents in cities with no new attorneys or attorneys in cities with no new agent emphasis?

ANSWER: The TRAC report alone should not be used as a reliable indicator of how United States Attorney resources should be distributed because TRAC's statistics are based on only one factor: the number of attorneys per the population of the district. While population is one element that we consider, it is important not to place too much weight on this factor alone. Populations in different areas often have completely dissimilar crime ratios. Sometimes a rural district with low population will have greater crime because of its proximity to a large city. Often a district's closeness to an international border will have a major effect on its need for resources.

Recently, the General Accounting Office (GAO) completed an in-depth 2-year study of the allocation process and did not include population as one of the many factors in its computer model for a recommended allocation procedure. It is also interesting to note that although the TRAC report indicated that Los Angeles, San Francisco, Detroit, Boston, Baltimore, Newark and Chicago were all underallocated, the GAO felt that Los Angeles, Detroit, Boston, Baltimore and Newark were all overstaffed. At the same time, although TRAC felt that Charleston, West Virginia, Cheyenne, Wyoming, Sioux Falls, South Dakota, Burlington, Vermont and Mobile, Alabama were all overallocated, the GAO felt that Charleston, Cheyenne, Sioux Falls, and Mobile, Alabama were all understaffed.

The lengthy GAO study was much more thorough than the TRAC report. The disparate results noted above from two purely statistical studies clearly indicate the need for an allocation system that is receptive to a wide variety of input from different sources and that relies on the discretion of knowledgeable officials. As the GAO stated, "Professional judgement of responsible Justice Department officials is obviously critical" to proper interpretation of statistics.

It is beyond the scope of this summary to address every question raised in the TRAC report. The information reported above clearly demonstrates the deficiencies in the report.

The Department of Justice recognizes that it is possible to develop a number of different approaches to resource allocation. It is hard to say whether any one is completely better than the other, but we are confident that a process which utilizes a wide variety of factors is much more fair and equitable than a methodology which relies on only one. Our allocation process considers many different factors, including the intent of Congress and the requests of the districts. These requests are evaluated in light of the caseload, the number of agents available, reported work hours, the GAO report, week-long evaluations of the district by teams of peer evaluators and other factors.

The allocation process necessarily involves objective and subjective determinations and experienced, professional judgment. Recommendations are reviewed by members of the Attorney General's Advisory Committee, and Associate Deputy Attorney Generals, and are finally approved by the Deputy

Attorney General. We feel we have successfully placed attorney resources where they are most needed for addressing crime throughout the United States. As the highly professional GAO report concluded, despite some differences "our model allocations showed a high level of agreement with the allocation Justice actually made for most offices."

Furthermore, we coordinate with the investigative agencies when we assign attorneys. We work closely with FBI, DEA and other agencies to obtain a long-term projection of their needs and, when Congress authorizes new positions for the agency, we request a detailed breakdown of exactly where they expect the new agents to be placed. This information is analyzed and given great consideration as a major factor in the allocation process.

Hate Crimes

QUESTION: Why is the Department only requesting prosecutions for hate crimes in the United States Attorneys? Is the Civil Rights Division involved in prosecuting these cases? Are hate crime prosecutions more likely to occur in certain districts? Do you know where you plan to allocate the 35 positions?

ANSWER: The Criminal Section of the Civil Rights Division has maintained an effective enforcement program in the prosecution of incidents of racial violence. Indeed, new records in the past 2 years were set for both the number and quality of prosecutions involving violence motivated by racial and religious animus -- in 1989 more than twice as many cases, and almost twice as many defendants, were prosecuted than in any previous year. In 1990, all defendants charged were convicted or entered guilty pleas, resulting in a record success rate of 100 percent. In the past 2 years, over 100 defendants in twenty different States have been convicted on Federal criminal civil rights charges involving hate crimes.

Current staff resources for the Civil Rights Division have been sufficient to yield an effective enforcement program addressing acts of reported racial violence, even as the number of those complaints has risen in the past few years. However, the implementation of the Hate Crime Statistics Act in 1991 is likely to increase the number of incidents reported to the Division each year. As a result, we may seek additional resources for the Civil Rights Division in the future to address this workload increase.

As the Department's chief law enforcement official at the district level, the United States Attorney is best situated to respond to local instances of hate crime. United States Attorney personnel have the most familiarity with local court rules and proceedings and can ensure the prosecution of a case flows smoothly. As a matter of policy, the United States Attorneys coordinate on all hate crime cases with the Civil Rights Division before they are filed in the District Court. Hate crime prosecutions may occur in almost every district. Increases in hate crimes have recently been reported in several States.

The collection of statistics, which was mandated by the Hate Crimes Statistics Act, will assist the Department in determining distribution of the 35 positions requested for the United States Attorneys in 1992. Decisions on the allocation process will be made if our request for new resources is appropriated.

Office of Professional Responsibility (OPR)

QUESTION: You are proposing a 60-percent increase in this Office's staff -- from 8 to 13 people. The justification refers to staff needed to answer Freedom of Information and Privacy Act (FOIPA) requests. How can such a small office generate a need for 5 people to handle FOIPA requests?

ANSWER: The Inspector General Act Amendments of 1988 invested OPR with sole authority for investigations of Departmental attorneys, criminal investigators, and other law enforcement personnel. Accordingly, OPR has recently been informed that existing and future Freedom of Information and Privacy Acts cases from the Bureau of Prisons, United States Marshals Service, and the Immigration and Naturalization Service (which had previously processed their own Freedom of Information and Privacy Acts cases), will be directly referred to OPR for investigation. This decision was made since the OPR is responsible for investigation of allegations of misconduct in law enforcement agencies, which the above agencies clearly are. The current backlog has risen to almost 175 cases. To maintain OPR's vital role in ensuring that the highest professional ethics prevail, this increase is requested for 1992.

QUESTION: Can you discuss how you view the working relations of your Office of Professional Responsibility and your Office of Inspector General. Do you find these offices complement each other? Do you plan to keep both offices operating separately for the next several years? Now that almost 2 years have elapsed since the Inspector General's Office was established in Justice, can we determine that you have made a decision that you need both offices?

ANSWER: The Office of Professional Responsibility (OPR) and the Office of the Inspector General (OIG) are working cooperatively in accordance with the Inspector General Act Amendments of 1988 and a memorandum of understanding initially entered into by both organizations in 1989 and renewed twice since then.

But as your questions indicate, there are several substantive and administrative issues regarding the division of labor between and the responsibilities of the two Offices. These issues and the positions of the respective Offices have been provided to the Office of the Deputy Attorney General, which is reviewing them. As you can understand, I must be fully briefed and take into consideration the views of many parties prior to making any new decision on the relationship between the OIG and the OPR.

Facilities Program 2000

QUESTION: Congress provided $970,000 for this initiative in 1991. For 1992, Justice is seeking $1.8 million. The committee understands Justice will be seeking over $50 million in future years beginning with over $20 million in 1993.

Why is Justice proposing this program initiative? Domestic discretionary spending will be tighter in 1993. How do you expect to get the $20 million plus need into your request in 1993?

ANSWER: The need for the Facilities Program 2000 initiative is based on the explosive growth that the Department has experienced over the past half decade. Programs such as the immigration bills, drug enforcement bills, Super Fund legislation, growth in Federal incarceration, and the savings and loan and other financial institution investigations have added greatly to the Department's facility requirements. To date, much of the space to house the Department in response to these program increases has been acquired on a piecemeal basis. This has resulted in the Department's fragmentation into over 60 locations in the Washington area. This fragmentation has had an impact on the effective conduct of the Department's mission and must be stemmed. In addition, there are health and life safety deficiencies in many older buildings with expiring leases that house Department personnel from which the Department of Justice expects to be relocated in the near future. Facilities Program 2000 is the overall program to deal with these issues.

QUESTION: I understand that much of the Facilities 2000 initiative relates to consolidating offices in Washington, D.C., with one or more bureaus headquarters moving to the suburbs. Why can't most of Justice's Washington staff be moved out of expensive downtown space? Why should the subcommittee use its scarce domestic discretionary dollars for fancy new office space in one of the most costly office space areas of the country? What's your justification for the subcommittee diverting scarce dollars for this initiative versus building prisons or adding more law enforcement agents and prosecutors?

ANSWER: Facilities Program 2000 will indeed continue the Department's efforts to locate offices not requiring downtown proximity out of the downtown area of Washington. It is precisely because of the costs of space in downtown Washington that the Department began this relocation to suburban locations. The United States Marshals Service, Drug Enforcement Administration, Executive Office for Immigration Review, Community Relations Service, and United States Parole Commission have been relocated to non-downtown locations. The Department believes there are further opportunities to move discrete elements out of the downtown area into less expensive space, and we are pursuing these options vigorously. However, the Department must use criteria based on its mission as lawyers and legal advisors to Executive branch agencies to locate its litigating divisions and headquarters components in the downtown area. Proximity to its other "customer base", including Congress, the courts and other Federal agencies, as well as the private legal community is also essential.

Retention Bonuses for Attorneys

QUESTION: I see where you are requesting $2,000,000 to pay retention bonuses to the Department's litigating attorneys. What is the situation facing the Department of Justice in terms of attorneys leaving? Is the rate of leaving increasing? Is money the principal reason for leaving? What measures have you set up to determine if the $2 million incentive program will help?

ANSWER: A report entitled A Management Review of Attorney Recruitment and Retention in the Department's Legal Divisions, dated October 1989, reported the following findings regarding the attorney workforce. The data was updated for 1988 - 1990 as reflected in the attached pie charts.

Salary was the major reason given by litigating division attorneys for leaving the Department.

In response to a survey question as to how long they expected to remain with the Department, 40 percent of Legal Division attorneys answered 1 to 2 years; 29 percent, 3 to 5 years; 7 percent, 6 to 9 years; 8 percent, 10 to 19 years; and 16 percent, entire career. If these averages prove accurate, the Legal Divisions will experience nearly 70 percent turnover in the next 5 years.

Legal Division departure trends have remained fairly constant from 1985 to 1989, with 9 to 14 percent turnover. While total turnover has remained fairly constant, there has been a disturbing change in the pattern of attorney turnover, as demonstrated by the figures in the attached pie chart showing attorney separations by years of service.

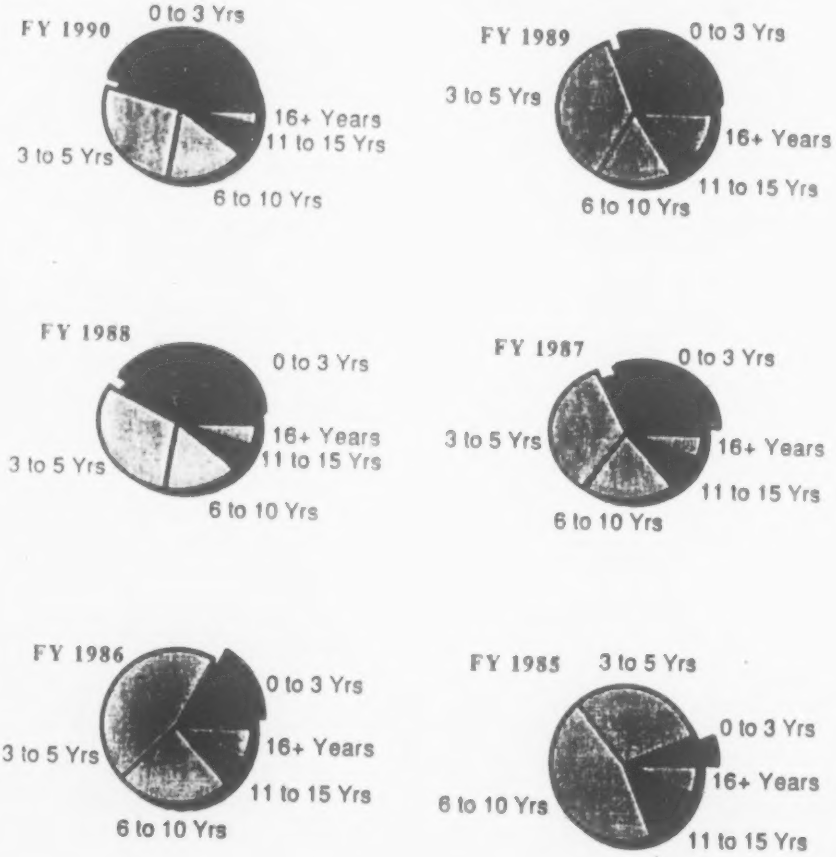
There was a near doubling (from 36 percent to 66 percent) in the proportion of attorneys departing the Legal Divisions with 5 or less years of service from 1985 to 1987.

This trend has continued and for 1988 to 1990, the proportion of attorneys leaving the Legal Divisions with 5 or less years of service is over 75 percent. Moreover, the percentage of those with less than 3 years of service has grown each year from approximately 6 percent in 1985 to nearly 50 percent in 1990.

Many of the attorneys the Department is losing with less than 5 years of service were recruited at the entry levels through the Honors Program. Their loss with fewer and fewer years of service to the Department represents a drain on our investment in their training and development and creates concern in terms of the amount of experience possessed by the attorneys who carry out the Government's litigation functions. We anticipate that retention allowances will provide sufficient salary incentive to enable us to reverse the trend of our attorneys serving fewer and fewer years with the Department. Obtaining 1 or 2 additional years of service from the attorneys hired under the Honors Program alone would represent a significant cost savings to the Department in terms of recruitment and training expenses.

The Department's draft policy statement to implement the retention allowance provisions of the Federal Employees Pay Comparability Act of 1990 requires each component using a retention allowance to provide a quarterly report on the use of the allowances. This requirement includes an annual review and recertification of the need to continue a retention allowance as of the quarter ending September 30 each year.

Legal Division Attorney Separations
By Years of Service



QUESTION: You have requested the funding for the retention bonuses in the Department's leadership program. Who in your office will be administering the program? Who will determine and based on what criteria which attorneys will get bonuses? Will the money be used to retain field Assistant United States Attorneys or Washington-based attorneys?

ANSWER: Retention allowances for attorneys will be administered by the Office of the Deputy Attorney General. The Justice Management Division has developed draft Departmentwide policies and procedures for implementing the retention allowance provisions effective with the issuance of the Office of Personnel Management's final regulations governing their use. Under the draft provisions, the Deputy Attorney General approves allowance determinations for all attorneys, regardless of pay category. Requests for review and approval of retention allowances for attorneys are to be submitted through the Office of Attorney Personnel Management. Determinations to pay an allowance, and the amount of the allowance, are to be documented in writing and based on the following criteria:

(1) Funds availability;

(2) The extent to which the departure of the employee (because of his or her unusually high or unique qualifications) would affect the ability of the Department to carry out an activity or perform a function deemed essential to the Department's mission;

(3) The success of recent efforts to recruit candidates with qualifications similar to those possessed by the employee or for positions similar to the position held by the employee; and

(4) The availability in the labor-market of candidates for employment who, with minimal training or disruption to the public, can perform the duties and responsibilities assigned to the position held by the employee.

The retention allowances will be targeted to retain Washington-based General Schedule attorneys in the Department's litigating divisions.

United States Trustees System

QUESTION: The Executive Office for United States Trustees provides administrative and management support to the 21 individuals United States Trustees offices located around the country. In creating the United States Trustee System to handle the administrative functions in bankruptcy, Congress cited the need to separate the administrative from the adjudicative functions. This separation is supposed to help insure that bankruptcy litigants receive the same fair and impartial justice to which all other litigants in Federal court are entitled.

Over the last few years, there has been an unanticipated growth in the number, dollar value and difficulty of bankruptcy cases filed. Bankruptcy filings increased by over 95 percent in the last 5 years, from 383,495 in 1985, to 749,956 in 1990. Experts in the financial area project further dramatic increases in bankruptcies throughout the 1990's.

Recent publicity about the bankruptcy system in Houston, Texas, pointed out that payments made by trustees in some chapter 11 cases were going predominantly to the trustees themselves and the lawyers and other professionals they hired. Only a small distribution of the funds was made to unsecured creditors.

How do United States Trustees determine whether unsecured creditors are getting their fair share and that an unwarranted portion of the funds are not consumed by the professionals who are administering the cases?

ANSWER: While the bankruptcy process entrusts case administration to private individuals, it exercises limitations on how trustees or debtors-in-possession secure the support of such professionals. The United States Trustees are personally involved in the oversight of the employment of professionals in the administration of a case. Through this oversight process, the United States Trustee strives to ensure that proposed expenditures for professionals are a necessary and appropriate use of estate funds. We attempt to conserve the estate for both secured and unsecured creditors by opposing the wrongful use of professionals.

A major control mechanism regarding the use of professionals in the administration of a case is the requirement to seek pre-appointment approval by the court. The United States Trustee reviews the appropriateness of such requests and, along with creditors, has the right to present objections to the court before attorneys or other professionals are employed. Additionally, the United States Trustee reviews fee applications for services rendered in a case to ensure that the services are within the appointment parameters and provide demonstratively to the furtherance of the case. These reviews permit questions to be raised and can result in the resubmission of a lower fee application or, possibly, in the United States Trustee filing an objection to the fee application with the court.

One of the major objectives of the United States Trustee program is to enhance the direction and oversight of private trustee operations and to ensure that debtors meet their fundamental responsibilities, so that the amounts available for distribution to creditors is maximized. In this regard, the program has in recent years established a coherent structure for bankruptcy administration to strengthen the safeguards and standards demanded of debtors-in-possession and private trustees in their administration of bankruptcy cases. This structure consists of: uniform reporting standards required of private trustees; monitoring of debtors and trustees; periodic auditing of private trustee operations; and reviewing the performance of the trustee at the end of each case.

The reporting requirements now in place allow the United States Trustee to evaluate the progress of a case and to review the administration of the estate by the panel trustee including the review of interim disbursements, professional fee disbursements and compensation claimed by the trustee. These reviews, conducted during the administration of an estate, permit the United States Trustee to identify deficiencies and file an objection in court while there is adequate money still left in the estate for distribution to creditors.

However, with bankruptcy filings increasing by almost 95 percent in the last 5 years while the personnel resources of the United States Trustee Program have remained relatively constant, these reviews are often more cursory than desired. The President's 1992 budget request to Congress recognizes the critical need for resources for the comprehensive oversight of private trustee operations in the administration of bankruptcy cases.

QUESTION: How do you evaluate the effectiveness of the attorneys and the bankruptcy analysts in the United States Trustees in their region?

ANSWER: The attorneys and bankruptcy analysts in the United States Trustee program are subject to a myriad of reviews including a formal individual annual performance assessment against program-wide standards. Additionally, each Assistant United States Trustee routinely exercises management oversight of the on-going activities of the field office staff and operations. The United States Trustee is able to view the effectiveness of the field offices within his/her respective region, both individually and in comparison with other offices. The United States Trustee also brings the expectations of the court, the debtors, the creditors and the bankruptcy community into his/her evaluation.

In addition to the performance evaluations of the attorneys and bankruptcy analysts conducted by the United States Trustees and Assistant United States Trustees, the Executive Office for United States Trustee (EOUST) also performs in-depth internal review of the program's performance. Specifically, the program has established through the EOUST Office of Review and Oversight, an internal evaluation program to measure productivity, provide on-site management assistance, and ensure compliance with Department and United States Trustee policies. These evaluations will also serve as a mechanism by which the United States Trustee offices and the EOUST can share ideas, innovations, and methods for increasing efficiency in the operational and administrative activities. Moreover, the evaluation program provides a unique opportunity for peers to evaluate peers in an objective and constructive manner and improve the operation of the United States Trustee field offices nationwide.

QUESTION: Do you have any improvements planned or underway for increasing the effectiveness of the supervision and monitoring of bankruptcy trustees?

ANSWER: The supervision and oversight of the private trustee's administration of bankruptcy estates is a fundamental responsibility of the United States Trustee program. It is essential to the success and integrity of the bankruptcy system that both private trustees and debtors be required to adhere to fiduciary standards. To enhance the effectiveness of monitoring bankruptcy trustees, the program has recently implemented numerous improvements to the structure of overseeing the administration of bankruptcy. These improvements include the establishment of uniform reporting requirements of the private trustees' administration of cases as well as expanding the scope of the periodic audits of private trustees performed by the Department's Inspector General.

Prior to the enactment of the Bankruptcy Act of 1986 (P.L. 99-554), there generally were no reporting requirements on private trustee operations, or requirements that the private trustee be properly bonded, or periodic audits performed on the trustees administration of cases. Consequently, the program inherited a large number of private trustees, their cases and practices, that would have escaped scrutiny prior to being subject to the oversight of the United States Trustee.

The establishment of uniform reporting requirements on private trustees allows the United States Trustee to measure the progress of a case while there is adequate money remaining in the estate for distribution to creditors. Under the previous system, the only oversight mechanism was through the private trustee's Final Report and, therefore, any deficiencies that were discovered occurred as the case was about to close, at which time there was inadequate money remaining in the estate for distribution. The expanded audits performed by the Department's Inspector General will enhance the determination of whether the private trustee has adequate safeguards and procedures in place to ensure that not only adherence to fiduciary standards but also that sound management and financial standards are implemented.

The coherent structure now established for bankruptcy case administration will strengthen the integrity of the bankruptcy system and provide a real opportunity for creditors to receive a share of the assets of an estate while ensuring that the private trustees meet their fundamental responsibilities.

However, the program is faced with the fundamental dilemma of inadequate personnel resources to carry out their oversight responsibilities with the thoroughness and dispatch required of effective case administration. The lack of personnel resources allocated to the Program stems from two sources. First, the dramatic escalation in the number of bankruptcy cases filed in recent years, including an increase of almost 95 percent in the last 5 years, while the personnel resources allocated to the program have remained relatively constant. The effort associated with the coherent supervision of private trustees is proportional to the size of the caseload. Second, when the staffing allocation was developed for the program's nationwide expansion, the degree of effort required to implement those mandates was not clear.

The Office of Management and Budget (OMB) recently assessed the oversight of private trustees as a "high risk area". The 1992 President's budget addresses the concerns of OMB and the United States Trustee program of preventing significant abuses by private trustees in carrying out their responsibilities under the Federal Bankruptcy Code. The 1992 budget request sets forth significant plans to enhance the oversight of private trustees and to alleviate the inadequate resources currently allocated to the program for this crucial responsibility. These resources will allow the program to follow-up expeditiously on the private trustee audits as well as performing in-depth reviews of the enhanced private trustee reports now required by the United States Trustee.

Inspector General

QUESTION: The budget proposes to almost double the size of the directly-funded audit portion of the Inspector General's Office. Why is this level of staff augmentation required in 1 year? Does it signal the extent of waste, fraud, and civil abuse the Inspector General believes exists in Justice programs?

ANSWER: This year's request is the second half of a planned 2-year effort to obtain a budget and resources equivalent to the Office's responsibilities. Under the Inspector General Act Amendments of 1988, Congress and the Department designated nine units or parts of units, and their proportional share of the Department's budget, to be transferred to form the new OIG. The new Office, however, also became responsible for fraud, waste, and abuse in another 25 components that did not contribute to the OIG's budget. For example, investigative units from the Immigration and Naturalization Service, the Bureau of Prisons, and the United States Marshals Service -- each with a full caseload devoted only to those bureaus -- were transferred to the OIG and became responsible for not only their own caseload, but also for allegations involving the 50 percent of the Department that they had not previously covered. Consequently, our first year's budget request primarily sought a substantial increase (50 positions) in our investigative personnel.

This is the second budget request prepared by the OIG, and it focuses on the other great shortage that has limited our ability to perform our statutory responsibilities -- the need for more auditors. The audit staff has not increased significantly in 8 years despite the fact that the Department's budget had tripled, and the number of employees had increased by one-third. In the face of this tremendous growth, huge, new programs have also been added that severely tax OIG audit resources, such as the seized and forfeited asset program, Bureau of Prisons's new construction, new fee accounts, debt collection, and the war on drugs. While the Audit Division received a modest staff increase in 1991, its size is inadequate for the job it must do. For this reason, a substantial increase, which will restore the Audit Division to a level proportionate to its present responsibilities, is requested.

The request does not signal an increase in waste, fraud and abuse. It does signal an increase our assessment of the level of risk that fraud, waste and abuse may occur. Moreover, the economies from management changes instituted as a result of audits and inspections exceed the amount Congress has appropriated for the OIG; the sooner these auditors can be put to work, the sooner the Department can obtain additional economies. In 1992, Congress is being asked to give the Department a substantial increase, to about $10.6 billion and 96,700 workyears. Allocating a small fraction of that amount for additional auditors provides a sound form of insurance to assure that those monies are wisely managed and prudently spent.

QUESTION: Both the Office of Professional Responsibility and the Inspector General are seeking increased resources in 1992. From the Inspector General's perspective, are the two offices working in a complementary way or does on supplement the other?

ANSWER: The Office of Professional Responsibility (OPR) and the Office of the Inspector General (OIG) are working cooperatively in accordance with "The Inspector General Act Amendments of 1988" and a memorandum of understanding initially entered into by both organizations in 1989 and renewed twice since then.

Under the Inspector General Act Amendments of 1988, the OIG is responsible for auditing, inspecting, and investigating all matters involving fraud, waste, and abuse in the Department and in programs funded by the Department such as its grants and contracts. The same statute reiterated OPR's responsibility to investigate allegations of misconduct concerning employees in attorney, law enforcement, and criminal investigator positions; all other employees suspected of misconduct are investigated by the OIG. When audit units of the Immigration and Naturalization Service, the United States Marshals Service, and the Bureau of Prisons were transferred to the OIG, their responsibilities for handling their respective Freedom of Information and Privacy Acts requests went with them. During the consolidation of these organizations into the Office of the Inspector General, it became clear that the OIG's authorizing statute did not contemplate that the OIG would handle Freedom of Information and Privacy Acts requests of the former audit offices. Therefore, the OIG transferred these Freedom of Information and Privacy Acts cases to OPR, which does have the authority to process such cases.

With regard to the Offices' budget increases requested in the 1992 President's Budget, they are proposed for specific needs. In the case of the OIG, the resources are for 70 additional auditor positions, which is justified by the enormous growth of Department law enforcement programs and the demonstrable inadequacy of present staffing to meet the OIG's statutory mandate. In the case of OPR, the need is for five positions to work to clear the 185 Freedom of Information and Privacy Acts case backlog caused by the transfer of these cases by the OIG to OPR. Further, the increases in the numbers of Department attorneys, particularly in the United States Attorneys' offices, require new resources so that OPR can sustain its workload of investigating allegations of attorney misconduct.

QUESTION: After 18 months of existence, does the Office of Inspector General believe there is a continuing need for both offices? Is there a particular function the Office of Professional Responsibility performs that cannot be performed by the Office of the Inspector General?

ANSWER: With respect to the first part of the question, I have not yet made a decision on whether there is continuing need for both the Office of the Inspector General (OIG) and the Office of Professional Responsibility (OPR). The matter is presently under review in the Office of the Deputy Attorney General.

In order to define the division of responsibilities between both Offices, the OIG and OPR entered into a memorandum of understanding. During 1990, using the memorandum of understanding as a guide, both Offices operated at a high rate of proficiency.

While the policy issue remains to be resolved, it is clear that the Offices have established a cooperative working relationship. Each is productive and has a significant workload. In calendar year 1990, OPR received approximately 425 new matters and closed approximately 375 cases. Each attorney in OPR carried a caseload of approximately 60 active cases. Of those cases, over 30 involved actual investigations conducted by OPR attorneys. The remainder involved matters that were being investigated by other components of the Department and that required varying degrees of oversight by the assigned attorney. In 1990, the OIG conducted 20 audits of Department components, 929 external audits of State and local recipients of Department funds, and 1,404 investigations; made 74 arrests; issued over 100 investigative subpoenas; and recovered $343,000 through fines, restitutions, and seizures.

With respect to the second part of the question, the Office of Professional Responsibility provides valuable expertise to address allegations that attorneys have violated the Code of Professional Conduct or comparable ethical standards.

These allegations include such matters involving: prosecutive judgments, such as whether to plea bargain and on what terms; whether to grant immunity to potential witnesses; or whether to decline prosecution.

QUESTION: Major Inspector General functions remained in the Drug Enforcement Administration and FBI after formation of the Department's IG Office. How have these split functions worked out? Do you forecast the multiple offices will continue in the future? How do you all work together to insure there is not duplications of effort?

ANSWER: When Congress chose to establish an Inspector General in the Department of Justice, it provided for certain inspector general-type functions to remain in the Drug Enforcement Administration and the FBI. Congress provided the Attorney General with the authority to merge those functions currently dispersed among the offices and make them the responsibility of the OIG. We have experienced no insurmountable problems with the current arrangement, and I expect that these multiple offices, or portions thereof, will continue in the future. In fact, the Inspector General has recommended that all the bureaus of the Department establish internal inspection offices to provide management with the means of examining their programs and operations.

At the present time, the OIG gives regard to the audit, investigation, and inspection activities of units outside its office with a view towards avoiding duplication. The OIG provides appropriate oversight to ensure quality, cooperation, and effective coordination.

QUESTION: The Inspector General requests $1.5 million for oversight and audit of Department financial statements. From the nature of the request, it appears private auditors will perform these audits. From your perspective, how will this audited financial statements initiative help root out waste, fraud and abuse? Will you likely be using some of the same private audit firms who audited the financial statements of failed savings and loan institutions? They didn't appear to do a good job there, why do you think the $1.5 million you pay them will buy a better product?

ANSWER: We do not share the Committee's concern over having the audit of the Department's financial statements performed by a certified public accounting (CPA) firm. The OIG recently has served as Contracting Officer Technical Representative for four financial audits of Department activities -- two of the Working Capital Fund, one of the Assets Forfeiture Fund and one of the Seized Asset Deposit Fund -- all performed by a private CPA firm. The resulting audits were comprehensive, proficient, and performed in accordance with Government Auditing Standards.

The OIG will ensure that the conduct of the financial audit will be closely scrutinized by our audit personnel from the development of the contract to the issuance of the final report. Activities reviewed will include the CPA firm's preliminary audit work, their performance of the audit, and the drafting of the report. Additional workyears are requested precisely because it is critical that this work be monitored closely.

In selecting a firm or firms to audit the statements, the OIG intends to assess the quality of past work and assure that the firm is not under investigation for any role in the savings and loans scandals.

The quality of the CPA audit work does not necessarily equate with the cost of the job; rather, it relates to the amount of activities that can be audited. The OIG has a sound quality control program that will preclude the performance of substandard audit work.

The most beneficial aspect of the performance of the financial statement audits will be the identification of potential weaknesses, ranging from internal controls to the productivity of various programs. Some of the additional auditors requested are to follow up on weaknesses uncovered in the audit of the financial statements.

QUESTION: Can you characterize the nature, competence, effectiveness and efficiency of the Department of Justice programs, managers and employees based on the first 18 months of reviews by the Office of the Inspector General? What are the major problems that you have found that need correction?

ANSWER: You have asked for a characterization of the competence and effectiveness of Department of Justice programs and managers. This is a difficult question to answer. Even after 18 months in existence, the OIG has not finished a complete audit cycle of just the most critical programs and operations.

However, thus far the Department's operations appear to be in pretty good shape. The Department of Justice consists of law enforcement agencies of unparalleled capabilities, and an outstanding, though severely strained, prison system. It is a diverse institution with a deserved reputation for its dedicated workforce and for the excellence of its work. The senior officials are generally excellent and have been very responsive to the recommendations in OIG audits and inspections. I also think, however, that having a statutory IG has been good for the Department, because it forces the senior managers of the components to devote time and resources to internal controls and corrective actions when they would rather use them for what they view as their primary responsibility -- the litigation of cases and incarceration of criminals.

Without detracting in any way from the foregoing, there are areas of special concern that warrant mention:

As is true of the rest of the Federal Government, automated data processing (ADP) systems continue to present intractable, difficult and expensive problems for the Department.

Reportedly, the Department of Justice has some 600-plus ADP systems or operations, which cumulatively present tough challenges in the areas of integration, modernization, and, particularly, the procurement of new systems.

In recent years, the Department assumed a number of new responsibilities that differ significantly from its historic role in the Executive Branch, that have grown in logarithmic leaps in a few short years, and that require management expertise that is in short supply. These include: (1) the seized asset and forfeiture program -- more akin to GSA's real estate and surplus property operations than anything the Department previously has done -- which now exceeds $1.4 billion; (2) a high-volume, paper-intensive debt collection program that exceeds $6 billion and presents constant demands in terms of docket and case tracking, and collection follow-up; (3) a new generation of fee systems, in the Antitrust Division, at the FBI, the United States Marshals Service, the Immigration and Naturalization Service, and elsewhere in the Department, that require cost computations, collection activities, and expense allocations that can be difficult, and that offer a certain temptation to use the accounts to solve other budgetary problems.

The Department is not normally considered one of the major contracting agencies in the Executive Branch. But with its significant growth during the past decade has come a procurement operation that now involves approximately $1.5 billion per year. Audits of component procurement activities show a continuing need for substantial improvement.

Operations at the Immigration and Naturalization Service remain problematic. The Immigration and Naturalization Service has had more audit, inspection and investigative attention this year than any other component of the Department. The potential for corruption also is a special problem for the Immigration and Naturalization Service because of the high prices obtainable for the Immigration and Naturalization Service documentation and the desire to gain illegal entry into the United States.

Drug Intelligence Council

QUESTION: In the 1992 National Drug Control Strategy, it states that the Attorney General "will create and chair a Law Enforcement Drug Intelligence Council (LEDIC) to coordinate the development and prioritization of drug intelligence collection and analysis requirements for the Federal law enforcement agencies".

What efforts have been made to establish this council?

ANSWER: To focus the efforts of the LEDIC more effectively, officials from the Attorney General's Office continue to meet with officials from various Federal law enforcement agencies and the Department of Defense on intelligence development and collection. Through such discussions, the

Attorney General will refine the scope and objectives for LEDIC prior to its formal establishment.

QUESTION: What agencies are or will be represented on the council?

ANSWER: Since the Attorney General is pursuing Federal law enforcement interagency discussions, and exploring the scope of LEDIC, there have been no formal decisions regarding the representation of Federal law enforcement agencies on the LEDIC.

QUESTION: What relationship will this council have to the activities of the National Drug Intelligence Center (NDIC) funded by the Department of Defense?

ANSWER: Before making any determinations about the relationship between the LEDIC and the NDIC, establishment of the LEDIC is waiting for further developments on NDIC. As for the Council's role, the LEDIC will be an over-arching coordinating body to help orchestrate the various law enforcement intelligence efforts.

QUESTION: How do you view the Council's role in bringing together the various intelligence centers now in operation?

ANSWER: The Department recognizes the specialized and limited responsibilities of Federal drug intelligence centers including, among others, the FBI's Drug Intelligence Unit, Drug Enforcement Administration's El Paso Intelligence Center, and the Department of Treasury's Financial Crimes Enforcement Network. To ensure maximum effective use of limited drug intelligence resources, the LEDIC will work to enhance the integration of these organizational structures to collect, digest, and apply the large volume of relevant information being acquired concerning the major international and domestic drug trafficking organizations and their criminal allies. The LEDIC will coordinate the development and prioritization of drug intelligence collections and analysis requirements for the Federal Government.

High-Risk Areas

QUESTION: A recent GAO Report critical of the management of the Immigration and Naturalization Service indicates that the Department continues to have significant shortcomings in the overall management of its operations.

The OMB has designated eight Justice areas as being at high risk for waste, fraud and mismanagement, including overall Immigration and Naturalization Service management, the Assets Forfeiture Fund, debt collection, the Marshals Service's control over prison detention appropriations, bankruptcy trustees, and the management of Federal prisons.

Together, these areas account for about one-third of the Department's $9.3 billion 1991 budget.

What specific steps is the Justice Department taking to reduce the risk of waste, fraud and mismanagement in each of the designated high-risk areas?

Answer: The Department has eight areas on the High-Risk list published by OMB, which are listed in priority order:

High Risk Area 1: Immigration and Naturalization Service. The High-Risk Area included five separate material issues: Automated Accounting and Automated Data Processing Planning (a new material weakness); Financial Management Training (a new material weakness); Supervision of Fee Accounts (a new material noncomformance); Financial Management System (an old material noncomformance); and Control Over Citizenship and Naturalization Documents (an old material weakness, which is being reported as closed this year). These issues and three others discussed separately indicate very high risk for the INS, which the Commissioner and the Department are taking aggressive steps to address.

High Risk Area 2: Overcrowding in the Federal Prison System. This High-Risk Area is a material weakness for the Department. Overcrowding in the Federal Prison System was 67 percent as of September 30, 1990, which is up from 62 percent a year earlier. This level can be unsafe and insecure for community, staff, and inmates. We still believe that a level of 30 percent over rated capacity would be manageable and would permit normal operations and reasonable safety. Despite the progress made by the Department in providing additional capacity, the inmate population keeps growing. The five-year plan to expand prison capacity has to be monitored in view of these trends, but we still must rely on funding for acquisition of surplus facilities and new construction. This issue also affects the Immigration and Naturalization Service and the United States Marshals Service, which have joined with Bureau of Prisons to develop a cross-organizational plan for detention capacity.

High Risk Area 3: Asset Seizure and Forfeiture. This is a Departmental material weakness, first reported in 1986, but downgraded to a significant concern in 1987, because of a major management improvements. However, in view of the dramatic growth of the program, the importance of the program to law enforcement generally, and new information concerning long-term problems, it was elevated to a material weakness in 1989. The Executive Office for Asset Forfeiture, which was established in the Office of the Deputy Attorney General last year to provide management focus to this area, has created a carefully coordinated action plan for improvement of the program's operations.

High Risk Area 4: United States Marshals Service. This area combines several issues that were already being reported as elements under a previous material weakness, as well as raising some new issues. The previous material weakness, "United States Marshals Service and Crime Control Act", has been closed, either because its elements have been corrected or because they have been subsumed by the High

Risk Area designation. Under this, we are reporting one material weakness, Shortage of Detention and Handling Facilities, and one material nonconformance, the Financial Management System.

High Risk Area 5: Human Resources Management and Development in the Bureau of Prisons. This is also a material weakness. Without adequate staff to operate and manage existing and new correctional facilities, serious problems could occur in Federal correctional facilities. The Bureau of Prisons needs to recruit, develop, and retain sufficient numbers of quality personnel to meet the increasing demands. This is integrally connected with the Prison Overcrowding weakness. Significant progress has been made in the Bureau's organization and procedures for this issue; additional staff are needed, recruitment and retention programs must be improved, and pay benefit issues must be resolved.

High Risk Area 6: Environmental Health and Safety in Prisons. This is also a material weakness. Prison facilities do not comply fully with nationally-recognized fire protection codes or regulations on management and disposal of hazardous waste. Substantial progress has been made in identifying individual facilities where these circumstances exist and mounting corrective actions. For example, potentially dangerous asbestos situations have been brought under satisfactory control. Training in disposal procedures has been instituted and fire protection surveys are being done. This is a resource-intensive issue, and resources are requested in the annual budget submission.

High Risk Area 7: Monitoring Private Trustees. The Department has classified this as a new material weakness because of the relative newness and rapid growth of the Trustee program, the dollar value of assets involved, and the fact that the program is highly decentralized. With over 2,000 private trustees and billions of dollars of assets involved, careful monitoring is necessary. Progress has been made in establishing standards, performing prior audits of candidates for trustee status, and auditing the work of the private trustees. However, this is also a resource-intensive issue and, at current levels, priorities have had to be set, which limit some kinds of coverage.

High Risk Area 8: Legal Process Debt Collection. This issue was a material weakness and noncomformance for several years. In 1988, enough progress had been made to downgrade it to a significant concern. Then in 1989, OMB made it a High Risk Area because of the Governmentwide volume of debts to be collected and Governmentwide concern over management issues. The Department at that time classified it as a material weakness because some planned improvements were slow in developing. However, most of the improvements have been made, a Departmentwide authority for debt collection matters has been designated in the Deputy Attorney General's office, the Central Intake Facility project is operating, and Congress has provided extending legislation in this area. Therefore we are closing this as a material weakness, but we will continue to monitor and report on it as a High Risk Area.

Detailed information concerning these high risk areas is contained in the Department of Justice Report by the Attorney General on Management Controls, 1990, has been provided to the Subcommittee.

For the coming year, we will focus on correcting weaknesses in the High Risk Areas and on improving our management controls system, especially in terms of better audit coordination, implementation of the Chief Financial Officer legislation, expanded quality assurance and monitoring of corrective actions, improved guidelines, and training for managers.

D. C. Superior Court

QUESTION: The United States Marshals Service performs a unique role in the D.C. Superior Court. The Committee has included about $1.5 million in the 1991 supplemental for the D.C. Superior Court operation. And, your 1992 budget requests another $2.4 million for next year.

At the same time, a February 11, 1991, Washington Post article indicated the population in area jails has been dropping. The D.C. jail's population dropped by 28.7 percent over the previous year. This appears to conflict with the Marshals Service's justification of a 10 percent increase in prisoner productions in FY 1992.

Why is the United States Marshals Service requesting more staff for the D.C. Superior Court when it appears the D.C. prisoner jail population has decreased?

ANSWER: The 1991 supplemental will fund a limited witness protection program in the District of Columbia. These funds are not earmarked for the D.C. Superior Court operation, itself.

Although the jail population may have decreased between 1989 and 1990, the number of times a detainee must be produced for court appearances, hearings, medical needs, attorney-client interviews, pre-sentencing evaluations, etc., has actually increased, largely as a result of the Sentencing Reform Act. The United States Marshals Service's request is based on the number of prisoner productions, not the number of prisoners.

QUESTION: In 1990, Congress transferred $7.4 million, on an emergency basis, from Prisons Salaries and Expenses to the United States Marshals Service in the supplemental appropriation. However, I understand the Marshals Service lapsed $3,181,000 in 1990. Why did the Marshals Service lapse almost half of the emergency supplemental funds transferred from Prisons? Were your emergency supplemental needs overstated last year? What steps is the Marshals Service taking to more carefully assess its real needs?

ANSWER: During the 1990 close-out, earned reimbursements were overstated by $1.5 million, which had the effect of overstating the Marshals Service's budgetary resources by $1.5 million, thereby overstating the Service's lapse by the same amount. Another $439,000 of the amount lapsed results from the reduced 11th circuit security requirements after the arrest of Walter Leroy Moody. Finally, between September 30, 1990, and February 28, 1991, approximately $200,000 in legitimate 1990 obligations were properly recorded to 1990.

These three factors result in an "adjusted lapse" of $1.1 million, which represents 0.4 percent of the 1990 Marshals Service appropriation and is well within the lapse rate of most Department of Justice elements.

The Marshals Service's central financial management problem is the lack of timely and accurate financial information. This problem has been identified and well documented in internal audits and elsewhere, and corrective measures are now underway.

Under the present process, United States Marshals Service Headquarters obligations are established by the Finance Division, placed in the Department's Financial Management Information System (FMIS) and recorded in the Legal Activities and General Administration (LAGA) accounting system. United States Marshals Service district offices also separately establish and place their obligations directly into LAGA, and these district obligations are not routed or consolidated by United States Marshals Service Headquarters.

In September 1990, the Marshals Service completed a detailed requirements analysis that identified those actions necessary to improve its financial management system. The Marshals Service is now working with the Department's Finance Staff to implement these actions by including all United States Marshals Service financial management activity under the Department's FMIS. Funds appropriated in 1991 have been earmarked for this purpose, with additional resources sought in 1992 to continue this conversion.

Civil Division

QUESTION: You are requesting nearly $2 million to develop and implement regulations pursuant to the Radiation Exposure Compensation Act of 1990, P.L. 101-246, as amended by the Defense Authorization Act of 1990, P.L. 101-510. Is the Civil Division using resources in 1991 for the effort? To what extent? What steps is the Civil Division already taking to implement these acts? What is the scope of the claims likely to be?

ANSWER: The Civil Division is currently utilizing existing resources to develop regulations and correspond with claimants. Additionally, current plans call for hiring five individuals for radiation work in 1991. Implementing regulations must deal with complex medical, legal, and factual issues. In order to develop these regulations, the Department of Justice is actively consulting with numerous other Federal agencies, as well as State agencies, private individuals and hospitals, and the Mormon Church. We anticipate that draft regulations will be available for public comment in late spring. Although estimates of this sort are of necessity unreliable, we anticipate receiving roughly 7,000 claims through 1993, with a decrease in the number of claims thereafter.

QUESTION: What are the specific roles of the Department of Justice?

ANSWER: As noted above, the Department of Justice must develop and promulgate the implementing regulations. Following promulgation of the regulations, the Department will be responsible for administering the program. Thus, we will receive and review claims, seek additional information where necessary, and issue decisions awarding or denying compensation. In the event these decisions are challenged in court, the Department will be responsible for the defense of those actions.

QUESTION: When will claims begin to be adjudicated? How many claims do you expect will be submitted? In terms of claims payments, what do you estimate the total cost of the acts to be? How many dollars in claims payments would need to be paid out over what number of fiscal years?

ANSWER: Claims will begin to be adjudicated as soon as final regulations are promulgated; however, no funds for payment of these claims have been appropriated. Over the 20-year life of the program, we anticipate receiving a total of approximately 13,000 claims from downwinders and uranium miners. Half of these claims can be expected to be received during the first 2 years of the program. The total cost for benefits is estimated to be $400,000,000. If appropriated, approximately half of this amount would be disbursed in the first 2 years of the program, with decreasing disbursements thereafter. The number of claims we could expect to receive from on-site participants is an open question, but 30,000 is not an unreasonable estimate. The cost of these claims could reach $150,000,000.

QUESTION: Has the Administration sought any funds for the payment? If not, why not? Do you have an opinion on whether the claims should be sought by the Department of Justice? If not Justice, then where should the claims payments be budgeted?

ANSWER: The Department of Justice has not sought funds for the payment of claims because we do not believe these funds should be scored against funds available to the Department. The activities that gave rise to the Act were conducted by the Department of Defense. For this reason, it would be appropriate to score the funds from the budgets of either the Department of Defense or the Department of Energy, which is the successor to the Atomic Energy Commission.

Federal Prison System -- Recruitment

QUESTION: Due to an increasing prison population, the Federal Prison System plans to double its workforce from the current level of 19,000 to almost 40,000 by fiscal year-end 1995. I understand the Federal Prison System has traditionally had difficulty recruiting qualified applicants for positions such as Correctional Officers, Nurses, Accountants, Educators, Maintenance Mechanics, etc. Lack of competitive pay rates, the age 35 maximum entry age limit, and lack of qualified applicants are often cited as reasons for this difficulty.

How competitive is the Federal Prison System with other Federal agencies and State and local law enforcement agencies since the Federal pay legislation passed increasing law enforcement salaries?

ANSWER: The additional flexibility provided in the Federal Employee Pay Comparability Act of 1990 has had no appreciable impact at this juncture on our ability to pay enhanced salaries. The majority of benefits already derived from this Act have affected all Federal agencies, not just Federal Law Enforcement Agencies.

Federal Law Enforcement Pay Reform has several sections that will enhance recruitment over other non-law enforcement Federal agencies. Special entry-level rates for law enforcement officers in grades GS-3 through GS-10 will be phased in over a 2-year period beginning January 1992. Also beginning January 1992, a special pay adjustment for law enforcement officers will be implemented in 13 geographic locations. Eight institutions have already been affected by the 8 percent interim geographic adjustment. This special locality pay adjustment will remain in effect until the new law enforcement officers pay system has been implemented (approximately 1994). The Department of Justice has issued a draft order on the recruitment and relocation bonuses; thus implementation of these provisions is imminent.

The Bureau of Prisons's ability to compete with other law enforcement agencies continues to vary depending upon the location of the facility involved.

QUESTION: If the Federal Prison System is unable to attract people for critical positions, how will this affect their ability to activate and operate all the prisons it plans to build?

ANSWER: The Bureau of Prisons protects society by confining offenders in the controlled environments of prisons and community based facilities that are safe, humane and appropriately secure, and which provide work and other self-improvement opportunities to assist offenders in becoming law abiding citizens.

The Bureau recognizes that staff are the most valuable resource in accomplishing its mission, and is committed to the personal welfare and professional development of each employee. The active participation and commitment of skilled staff at all levels is essential to the development and accomplishment of organization objectives.

If the agency is unable to attract qualified candidates to critical positions, the safety and security of the Bureau's institutions, as well as the safety of the general public, will be placed in jeopardy. The opening of new facilities may be delayed or the activation time increased if staffing the facilities is impeded. This would cause even more pressure on our existing prisons' overcrowded population.

QUESTION: What is the rationale for requiring that Federal prison employees be 35 years of age or under in order to be hired?

ANSWER: Under Public Law 93-350, Congress provided Federal agencies with the authority to fix maximum age limits within which original appointments may be made to positions as law enforcement officers. Currently this age limit is the date immediately preceding one's 35th birthday. The definition of "law enforcement officer", for the purpose of this provision, specifically includes employees of the Bureau of Prisons whose duties require contact with individuals incarcerated in Federal correctional facilities. The purpose for utilizing this provision is to maintain a young and vigorous workforce as required in a correctional setting.

QUESTION: Since waivers have been granted when positions have been difficult to fill, has any thought been given to raising this age requirement?

ANSWER: Public Law 93-350 has recently been superseded by Public Law 101-509. Provisions of this law include raising the maximum entry age for law enforcement positions to the day immediately preceding one's 37th birthday, if an agency so chooses. This is currently under review, with a decision to be made at a later date on what changes, if any, to the Bureau of Prisons hiring restrictions are appropriate.

Federal Prison System - Training

QUESTION: The Federal Prison System's staff training academy can currently accommodate about 5,000 students a year at the Federal Law Enforcement Training Center (FLETC) in Glynco, Georgia. The Federal Prison System estimates it will need to provide entry-level training to about 6,000 new employees in FY 1992 and 9,000 new employees in FY 1993.

While FLETC will be able to provide the Federal Prison System with some additional space, alternative training sites will have to be considered to meet the influx of new employees.

How does the Federal Prison System plan to provide additional training to new employees?

If training cannot be provided at Glynco, what do you believe would be the most efficient way to train the increased number of new employees?

ANSWER: The Bureau of Prisons is currently immersed in the largest expansion plan in its history and its current staff of 17,000 is expected to more than double by 1995. Likewise, training requirements are expected to double from 7,500 trainees in 1990 to over 15,000 in 1995. While the Bureau of Prisons anticipates that introductory training of correctional workers can still be met at the FLETC in Glynco, GA, we expect that Bureau of Prisons's existing Management and Specialty Training Centers currently located at Fort Worth, Dallas and Denver may need to be expanded in the near future. In response, we are requesting $950,000 to allow the Bureau of Prisons to evaluate its training program and ensure that its future training needs are met.

UNICOR -- Federal Prison Industries

QUESTION: I have heard complaints from several small businesses that they have been pushed to the financial edge by competition from UNICOR - Federal Prison Industries, the program aimed at providing work experiences for inmates while at the same time producing goods that can be used by Federal agencies.

How has UNICOR selected products and industries to meet the needs of the Federal Government while finding meaningful work for the growing inmate population.

ANSWER: UNICOR has a broadly-based product development program, which gathers information for a wide variety of public and private sector sources. This effort is coordinated by UNICOR's Market Research Division and Business Development Group, which conduct proactive efforts including the review of Federal agency plans, programs and budgets, as well as ongoing discussions with current and potential customers. The Market Research Division also screens unsolicited product ideas from public and private sector sources (suppliers, inventors, etc.) and from sources throughout the corporation. All product ideas are subjected to varying levels of technical and economic analysis, and evaluated in terms of their potential to meet UNICOR's multiple goals of employing and training inmates, operating in a self-sufficient manner, and ensuring that no single industry is subjected to an undue burden of competition.

QUESTION: In planning for new or expanded product lines, how does the Federal Prison System (FPS) work with the private sector?

ANSWER: The product development guidelines passed by Congress in 1988 (18 U.S.C. 4124) assure that the Federal Prison Industries consults fully with private sector businesses and trade and labor associations prior to either producing new products or expanding production of existing products. The guidelines require that a thorough study of the impact of the new or expanded product must be conducted by Federal Prison Industries, including an analysis of the share of the government market and the total market that will be occupied by the product. This is to assure that the product will not have an undue impact on the private sector and that Federal Prison Industries's market share will be reasonable.

The study is then made available to the public for comments. Comments are analyzed by the Corporation, and all comments from the public, together with final recommendations from the Corporation, are provided to a Presidentially-appointed Board of Directors, whose function is to make final decisions with regard to whether Federal Prison Industries should produce the products in question. In addition to providing written comments to the Board, private sector industry has an opportunity to make an in-person presentation to the Board, to assist it with its deliberations. The Board's final decision is announced with a full discussion of the reasons for the decision.

To date, 10 new production initiatives have been processed through the entire procedure. Federal Prison Industries' Board has approved 8 proposals and rejected 2, combat boots and oxford/safety shoes.

QUESTION: From the FPS/UNICOR perspective, what needs to be done to permit sufficient UNICOR expansion to accommodate a dramatically increasing Federal prison population while not placing an unfair competitive burden on the private sector?

ANSWER: Market analyses are essential to successful identification of products which will keep an increasing prison population busy while at the same time not unduly impacting any single private sector industry. Identification of such products by the Independent Market Study, which is now being conducted, is the best way to assure objectivity. The key is Congressional action based on findings and recommendations of the study, so that Federal Prison Industries can quickly respond to growth in the Bureau of Prisons with an adequate level of work that has a minimal impact on the private sector.

QUESTION: What is the status of the independent market analysis required by Congress in P.L. 101-515?

ANSWER: The Act directed Federal Prison Industries to enter into a contract for an independent market study. The objectives of the study are to identify products that Federal Prison Industries can manufacture that will keep requisite numbers of prisoners gainfully occupied while affecting private industry to the least extent practicable, to assess the impact that Federal Prison Industries has had on private sector industry, and to determine whether current law governing Federal Prison Industries should be modified. Results of the study are to be reported to Congress by August 5, 1991.

A draft outline of a Statement of Work was developed and circulated on November 9, 1990, in order to obtain comments on the design of the research project. Also, the availability of the draft was announced in the Commerce Business Daily. Over 30 comments on the draft were received, including detailed comments from Congressional sources. The draft was modified extensively based on these comments. A request for proposals was placed in the Commerce Business Daily as well as in the Federal Register.

The proposal was announced in the Commerce Business Daily and the Federal Register on December 7, 1990. The Request for Proposal was mailed to the requesters on December 17, 1990. All proposals were due by January 18, 1991.

Over 60 requests for the Statement of Work were received, and copies of the document were mailed to the requesters. A meeting was held on January 9, 1991. About 35 interested parties attended and questioned the contracting officer on the Statement of Work.

Twelve proposals were received. A panel of outside reviewers including representatives from the National Academy of Administration, the Small Business Administration, the National Institute of Justice in the Department of Justice, and a former Secretary of Commerce reviewed all the proposals and identified the best. The award of the contract was made on February 1, 1991, to Deloitte and Touche, a management and accounting firm.

The study is now underway. Top management of Federal Prison Industries met with the principals of Deloitte and Touche immediately following the award to offer all assistance possible. The contractor announced meetings for public comment in the Commerce Business Daily and the Federal Register. Two meetings were held, one in early March, and the other in early April. The contractors also met with individuals having a special interest in the study on a separate basis.

An interim report was published for comment on May 1, 1991, and the study will be presented to Congress on August 5, 1991.

Tax Division

QUESTION: What level of return on investment do you plan the Federal Treasury to receive for the $3 million increased cost you seek for the Tax Division?

ANSWER: There are a number of ways to measure the return realized on an investment in the Tax Division. None of these methods, however, provides a completely accurate measure of that return because the role the Tax Division plays in the nation's tax system is so varied. The Division, on the one hand, acts as a bill collector, seeking to recover tax delinquencies that the Internal Revenue Service has been unable to collect administratively. Our criminal tax program is designed to insure that taxpayers who otherwise might be tempted to cheat will approach April 15 with an appropriate degree of seriousness. Finally, and perhaps most importantly, the Tax Division attempts to establish judicial precedent favorable to the Internal Revenue Service so that agency can collect voluntarily from taxpayers the amounts owed under the established "rules of the road."

Direct collections are the easiest measure to approach. In FY 1990, the Tax Division was able to collect nearly $84 million which was deposited directly into the Treasury. While our accounting system does not permit us to quantify the precise amount of money or attorney hours invested in the cases which resulted in these collections, the direct return to the Treasury of this $84 million represents over a $2.50 return for every $1.00 "invested" during 1990 in the Division's total civil tax program (roughly $33.1 million of the Division's total 1990 appropriation of $43.2 million was devoted to its civil programs). Our collections for the first 5 months of FY 1991 already exceed $60 million. During the next several years, we expect to collect hundreds of millions of dollars in bankruptcy cases. For example, in the recent bankruptcies of Nelson and Herbert Hunt, an investment of approximately $262,000 in attorney time will eventually yield a recovery of $335 million.

We know of no way to measure the "return" on this country's investment in the Division's criminal tax program. We do know, as our budget request sets forth, that the tax "gap" currently is nearly $100 billion a year. Neither the Tax Division nor the Internal Revenue Service has been able estimate accurately how much greater that "gap" would be if the criminal tax program were cut back or how much that "gap" would shrink if the criminal tax program were increased. It does, however, seem intuitively obvious that well-publicized criminal tax prosecutions such as the recent Leona Helmsley trial not only increase the willingness of the "little guy" to play by the rules, but may well inspire more respect for the system from those who shared Mrs. Helmsley's belief that only the "little people" pay taxes.

Finally, neither we nor the Internal Revenue Service can estimate accurately how much return flows from the Tax Division's efforts to establish favorable precedents on tax questions. Certain anecdotal evidence suggests, however, that the "return" is enormous. For example, according to the Internal Revenue Service, the Tax Division's Supreme Court victory in United States v. Goodyear Tire & Rubber Co. saved the Treasury nearly $800,000 in that case alone and approximately $1 billion in other cases. It required an "investment" of 1,630 attorney hours which "cost" the taxpayers roughly $106,000 (the average Tax Division lawyer "costs" the taxpayers $65 per hour (including overhead)) to achieve this victory. The Government thus received from Goodyear roughly $8.00 for every $1.00 it invested in the case and will receive $9,434 for every $1.00 invested when the effect of the victory Goodyear case on other, similar taxpayers is taken into account.

Civil Rights

QUESTION: What is Justice's plan for its role in implementing the Americans with Disabilities Act? How will the resources requested in the 1991 supplemental and in 1992 be used in implementing your plan?

ANSWER: The Department's technical assistance program is intended to provide both general and specific information and expert advice to the general public, individuals with disabilities and their advocates, and entities covered by the ADA. The purposes of this technical assistance are threefold: to inform the general public (including individuals with rights protected under the Act) and covered entities about their rights and duties; to provide information about cost-effective methods and procedures to achieve compliance; and to encourage the business and disability communities to cooperate in the compliance process.

Technical assistance will be provided by Justice personnel, individual experts or consultants retained by the Department, and by associations, groups, or organizations representing disabled persons and covered entities acting under grant or contract agreements with the Department. Organizations outside the Federal Government will be active participants in the presentation of specialized information to specific audiences that are covered or affected by the ADA's requirements and in defining the different problems and needs of these widely varied audiences. These groups will also participate in the development of initiatives to cooperatively address specific compliance problems and issues. Such initiatives will include information dissemination, training, and the provision of "hands-on" assistance.

The Department will rely heavily on technical assistance activities sponsored under grants and contracts with trade associations and other private groups representing covered entities and organizations representing individuals with disabilities. These grants will help covered entities understand their responsibilities under the ADA and comply voluntarily; and they will help disabled persons to understand their rights under the law and to assist businesses in voluntary compliance efforts.

Specifically, in 1991, the Department expects to initiate the phase of its technical assistance program that relies on grants and contracts. We anticipate that, in 1991, at current funding levels, grants will be made to eight organizations representing covered entities and twelve organizations representing disabled persons. (One-half the available money will be spent on grants to trade associations and other private organizations representing businesses, and one-half will be spent on grants to organizations representing disabled persons.)

In addition, funding is required to develop the regulations and Technical Assistance Plan, to hold public hearings as well as display and speaking engagements, and for the printing and dissemination of technical assistance related publications.

In 1992, funding is required for litigative responsibilities and to continue to actively disseminate technical assistance related material. We believe that we will be able to initiate or continue eight more grants to trade associations and other organizations representing covered entities and up to twelve grants to organizations representing disabled persons. As in 1991, about one-half of the resources will be spent on grants to covered entities and one-half on grants to organizations representing disabled persons.

QUESTION: Will Justice have adequate funds to educate the public on the provisions of the Act? Is Justice working to involve State, local and private entities in educating the public on the Act?

ANSWER: Congress provided $4.3 million to begin implementation of the Act in a 1991 supplemental, and $2.5 million is requested for 1992. With these resources, the Department hopes to be to be able to inform a significant portion of the 3.8 million businesses, covered by the ADA, through our technical assistance efforts in 1991 and 1992.

Informing businesses that they are covered by the ADA is a necessary first step in providing technical assistance to covered entities. However, we recognize that it is only the first step. The next step is to provide meaningful information about how businesses can comply with the Act. We plan to target several major segments of the business community (e.g., restaurants, theaters, hotels, and motels) for the receipt of specialized technical assistance information in 1992. Assisting individual businesses to identify and correct specific compliance problems is the final and most difficult step in the process. Fortunately, not every business will need such assistance. Nevertheless the number of businesses that will need this type of assistance is significant, and we will be able to provide such specialized assistance to a small percentage of these businesses in 1992.

The Department also hopes to be able to reach many of the estimated 43 million persons with disabilities with general information about the ADA through our technical assistance efforts in 1991 and 1992.

Alerting disabled persons to the existence of the ADA is a necessary first step in providing technical assistance to individuals with disabilities. The next step is to provide these individuals with detailed information about their rights under the ADA. We estimate that we will be able to provide such specialized information to targeted populations in the United States, perhaps reaching up to 5 percent of the total in 1992. An additional step in the technical assistance process is helping disabled individuals to become involved in the compliance process on a local level by assisting businesses in identifying, resolving, and preventing access problems. While we believe that not all disabled persons need such assistance, we do not actually know how many persons do, in fact, need or could benefit from such assistance. However, we believe that we can reach about 5,000 such persons in 1992, either with training programs or specific assistance.

The Department is working to involve State, local, and public and private entities in the process of educating the public about the Act. Experts on the ADA are routinely making presentations at meetings and conferences of organizations representing covered businesses and State and local governments as well as organizations of disabled persons. Almost a million technical assistance documents have been printed and are now being distributed through various networks, including networks that involve State, local, and public and private entities. The Department is actively trying to develop additional means of involving such entities in its technical assistance effort.

QUESTION: Is there a quantitative and a qualitative difference between the work the Civil Rights Division has facing it as a result of the 1990 Census compared to the work you faced at the end of the 1980 Census?

ANSWER: The answer is "yes" to both parts of the question. Because of the one-person, one-vote rule of the Fourteenth Amendment, States, counties, cities, school districts, and other governmental entities around the country will be redrawing district lines to make sure that the districts used for electing government officials are equal in population. Jurisdictions subject to the preclearance requirement of Section 5 of the Voting Rights Act are required to seek Federal review (either from the Attorney General or from the United States District Court for the District of Columbia) of any new redistricting plans they adopt. In the early years of this decade we expect to receive more than twice as many plans as we received during the comparable period in the 1980's, and we expect the analysis of these plans to be more complicated than that of a decade ago.

Quantity: During the first 4 fiscal years after 1980 census results became available, we received 1,976 redistricting plans for Section 5 review. During the comparable period following the 1990 census, we expect to receive 4,100 plans, more than a twice the number of plans.

Redistricting Submissions by Year
Number of Changes
(by fiscal year)

Actual		Expected	
1981	676	1991	1200
1982	614	1992	1600
1983	388	1993	800
1984	298	1994	500
Total	1,976	Total	4,100

Two factors account for this expectation:

1. Increased Use of Districts. There has been a substantial growth in the number of jurisdictions that elect members of their governing bodies from single-member districts rather than in jurisdiction-wide (or at-large) elections. A significant part of the motivation for the adoption of single-member districts is the standard enunciated in Section 2 of the Voting Rights Act, as amended in 1982, that electoral systems should provide racial minorities "[no] less opportunity than other members of the electorate . . . to elect representatives of their choice." The 1990 census is the first census since this results test was added to Section 2.

2. Increased Likelihood of Submission. There is greater awareness now than there was a decade ago of the need to obtain Section 5 preclearance for new redistricting plans.

Quality: We have many different reasons for expecting a qualitative difference in the review of redistricting plans this time around, and all of these reasons point towards a more complex analysis, not a simpler analysis. Principal among these reasons are the following:

1. Sophistication. While computers have long been used in the redistricting process, this time computers will be much more accessible than in the past, and the feats that they will enable users to perform are utterly amazing. This means that the official redistricting body will be able to create more sophisticated plans and plans satisfying all sorts of criteria, but also that political parties and various other interest groups will be able to propose alternatives better satisfying their own needs. The Civil Rights Division also has a state-of-the-art capability in this regard, which will be needed if we are to be able to analyze and compare the alternative plans created by the submitting authority and by other interested parties. The automation of number-crunching and line-drawing will be a great time-saver, but it will multiply the number of alternative plans that we will need to examine, and could affect the detection of a plan's underlying purpose.

2. Growth and Shifts in Minority Population. Demographics changed dramatically during the 1980's. For example, this country's Hispanic population grew very rapidly, and many areas now have significant Hispanic populations that did not a decade ago. As a result, the districting plans from such jurisdictions will need to be scrutinized more closely. More than in the past, in addition, we will be reviewing the plans of jurisdictions that have significant numbers of two different minority groups (usually blacks and Hispanics). We will have to assure that the redistricting plans submitted by such jurisdictions satisfy the requirements of Section 5 with respect to both minority groups. Because we cannot assume that different minority groups will be politically aligned, and

because a plan that is beneficial to one group may be detrimental to another, we expect the complexity of our analysis to increase.

3. Evolving Legal Standard. The state of the law concerning districting plans has developed considerably during the 1980's. For example, increasingly complex voter dilution cases of recent years have required the extensive use of expert witnesses for historical and statistical purposes. The legal standards that are thus evolving and that are relevant to Section 5 determinations as well as to Section 2 lawsuits inevitably further complicate the analysis under Section 5 of redistricting plans.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

Hawaii Federal Detention Facility

QUESTION: As you know, I have tried for nearly 5 years to get the Bureau of Prisons to construct a Federal detention facility in Hawaii. Over the years, the Bureau of Prisons recognized that Hawaii needed a Federal detention facility, but took no further action. Now, in the words of the Department of Justice, we are faced with a crisis with regard to housing Federal detainees in Hawaii, which threatens our ability to effectively administer our Federal criminal justice system. Why has it taken so long for the Bureau of Prisons to take the steps necessary to build a Federal facility in Hawaii?

I understand that there has been a problem with the priority given by the United States Marshals Service for a facility in Hawaii. Please comment.

What priority level is the Hawaii facility? When does the Department of Justice plan to request funds for the construction of this facility?

ANSWER: In 1984, the United States Marshals Service provided Cooperative Agreement Program (CAP) funds to the State of Hawaii Department of Corrections in the amount of $800,000 for 50 guaranteed bedspaces for 15 years. Under the Intergovernmental Agreement with the State of Hawaii, the Marshals Service was allotted up to 100 bedspaces on a space-available basis. Through the Marshals Service Federal Excess Property Program, the Service has provided approximately $700,000 in excess Federal property (i.e., vehicles, medical equipment, food service equipment, electrical supplies, etc.) to enhance the conditions at the State facilities.

Therefore, the bedspace provided by the State was more than adequate for Marshals Service detention requirements until January 1991, when the State ordered the Service to remove all Federal prisoners over and above the 50 CAP bedspace guarantee due to overcrowding. This reduction in Marshals Service bedspace at the State facilities required that the Service remove approximately 50 prisoners to the Metropolitan

Detention Center (MDC) in Los Angeles, California. The Service has also been informed that the State is considering the return of the CAP funds and the removal of all Marshals Service prisoners from State facilities. The need for a Federal detention facility in Hawaii was recognized in a Department study transmitted to Congress on February 16, 1991.

As a result of this situation, the priority level of the Federal detention facility in Hawaii has increased. The Department is currently reviewing its Detention Plan and updating it to include a Hawaii detention facility. However, the earliest that the funds would be requested for this project is 1993.

QUESTION: The Department of Justice (DOJ) study recommends building a 450 to 550-bed facility to house detainees and prisoners of the Bureau of Prisons, United States Marshals Service (USMS), and Immigration and Naturalization Service. Due to the delays in satisfying Hawaii's need for a Federal detention facility, we are now faced with much higher costs for the construction of an appropriate facility. The DOJ study estimates construction costs at $40 to $65 million dollars. I have heard that construction costs may, in fact, be substantially higher.

What is the Department of Justice's current estimate of the cost of constructing a Federal detention facility in Hawaii? Please explain how you arrived at your estimate.

ANSWER: The current estimate of the cost of constructing a Federal detention facility in Hawaii is $84,000,000. This estimate is based on previous estimates for other facilities adjusted for geographic factors and includes $8,400,000 for purchase of the site.

QUESTION: Since around 1984, Federal detainees have been housed in State facilities pursuant to a Cooperative Agreement Project negotiated between the United States Marshals Service and the State of Hawaii. Citing local overcrowding concerns as well as the 1985 Federal court order and consent decree requirements setting prisoner population ceilings, the State of Hawaii has indicated that it no longer has sufficient space to accommodate Federal detainees. While some Federal detainees are still housed in State facilities, approximately 50 are shuttled between Hawaii and facilities in California. What is the anticipated annual cost of transporting Federal detainees between Hawaii and mainland facilities, including transportation and personnel overtime?

ANSWER: The projected total annual cost for transporting Federal inmates from Hawaii to the MDC in Los Angeles is approximately $650,000.

QUESTION: Are you confident that the Federal Government is not violating any constitutional rights of detainees by taking them thousands of miles away from the courthouse and hindering their access to adequate legal representation?

ANSWER: Ultimately, the courts will determine what actually constitutes adequate access and representation in these matters, but the detainees located at the MDC in Los Angeles have liberal access to the telephone so that they can contact their attorneys to discuss their cases.

Airport Inspection and User Fee

QUESTION: I understand that recent amendments to the Immigration and Nationality Act have produced substantial revenues. How much money has been produced, and what use has been made of the money? What uses are planned for future revenues?

ANSWER: The removal of the fee payment exemption for air travellers from Canada, Mexico and the adjacent islands will generate significant additional receipts for the Immigration and Naturalization Service that will allow improved immigration inspection services, which will reduce delays experienced at international airports. At this time, due to the impact of the Gulf War on international travel, fee receipts have been somewhat depressed. This trend is expected to be reversed during the remainder of 1991. We expect that 1992 will be a normal year for international travel and that the removal of the fee exemption will result in $75,000,000 in additional receipts. The additional resources will be used to continue to improve the inspection function and to enhance those programs which support the inspections process.

QUESTION: The General Accounting Office (GAO) recently reported that immigration processing delays at some airports have reached four to five hours. The international guideline, which we adopted last year in an amendment to the immigration laws, is a 45-minute wait. I understand that the INS has projected changes in numbers of immigration inspectors at these airports, but can not tell us whether those changes will allow us to meet the 45-minute guideline. What is your assessment of whether we can meet the 45-minute guideline, and what are you planning to do to meet the guideline?

ANSWER: At this time, we can only speculate as to whether the 45-minute standard can be achieved in every instance. We believe that additional staffing alone will not address the chaos that occurs at an airport when too many aircraft are permitted to disembark passengers in a short time frame. The Immigration and Naturalization Service (INS) has been unsuccessful in attempting to convince the airline industry to spread out arrivals over longer periods of time during the day. However, each District Director and local manager has a variety of options available to them to meet operational needs, including use of other-than-full-time Immigration Inspectors and inspectional overtime to accommodate peaking patterns at airports.

QUESTION: The GAO reports that passengers arriving at Honolulu International Airport must wait at the gate and again in long lines for processing at peak periods. These waits can often stretch for several hours. I understand

that, despite these continuing delays and the imposition of new user fees to pay for more immigration inspectors, the Immigration and Naturalization Service (INS) plans to hire only 42 new inspectors for Honolulu. The INS' own figures say that at least 75 more inspectors are necessary just to handle new growth at the airport. We expect millions of foreign visitors to arrive at Honolulu International Airport this year. What are you planning to do to insure that passengers arriving at Honolulu Airport are not kept waiting many hours for immigration processing?

ANSWER: INS has been working to resolve delays at the Honolulu International Airport for a number of years. In an attempt to inspect arriving passengers within 45-minutes after their presentation for inspection, the Honolulu International Airport recently received a significant number of new positions. However, the size of the Immigration Inspector staff at this location is approaching the point where all present inspection booths will be filled and available to process arriving passengers. This basic factor limits the effective size of the staff that can be placed at the airport to reduce delays.

Additionally, it must be noted that the facility itself contributes to the problem. The Honolulu International Airport's design continues to contribute to gate holds that prevent many arriving international passengers from being presented for inspection.

Enforcement of the Hate Crime Statistics Act

QUESTION: I understand that the FBI has developed training guidelines, offered training seminars primarily for individuals associated with the Uniform Crime Reporting System, and begun implementing the Hate Crime Statistics Act. What other plans do you have to train law enforcement officials and the individuals who will actually be gathering the information to be reported to the Uniform Crime Reporting System?

ANSWER: The Federal bureau of Investigation (FBI) hosted five regional training seminars. Attendees at these conferences included State-level Uniform Crime Reporting (UCR) program trainers and administrators. Forty-two of the 50 states have organized State-level UCR programs, usually operated by the State police, who initially collect data from law enforcement within their States. State UCR personnel, in varying degrees, also provide training throughout the States in UCR matters. The regional seminars were designed to allow these State-level trainers to return to their respective States and continue the training with local police and county sheriff's departments. One of the five regional sessions included Federal law enforcement representatives, who likewise are expected to return to their agencies and provide necessary training. The FBI is in the planning stages of scheduling 11 additional regional conferences to include 315 municipalities having populations exceeding 100,000. Representatives of these agencies will be expected to return to their departments and provide training in hate crime statistics collection and reporting. These cities and counties cover approximately 77 percent of the country's total population. Reporting of hate crime statistics has also been made an integral part of all UCR training, which is held on a continuing and periodic basis by the FBI across the nation.

QUESTION: What amount of funding would be necessary to train the officers who will be responsible for completing the necessary reports on hate crimes?

ANSWER: The amount of funding necessary to train all officers who will be responsible for properly identifying and recording hate motivated criminal offenses is incalculable. The majority of this expense will properly be borne by the 16,000 state, county, and local law enforcement agencies who will individually benefit significantly from the program.

Currently available funds are being used to develop the training packet and implementation guidelines and to hold the training seminars.

QUESTION: The Department of Justice has issued press releases that identify other minorities protected by the Hate Crimes Act but omit those who are victimized because of their actual or perceived sexual orientation. One press release referred to a gay bar as a "minority discotheque." Why has the Hate Crime Act's applicability to sexual orientation not been clearly stated in all press releases?

ANSWER: The information the Department has developed for the training packet and implementation guidelines related to the Hate Crime Statistics Act stresses sexual orientation as well as race, religion and ethnicity. In developing this information, the Department sought input from various national sexual-orientation groups such as the National Gay and Lesbian Alliance.

On April 4, 1991, a press release was issued in conjunction with a press conference hosted by Director Sessions. The press release, a copy of which has been provided to the committee, provided sexual-orientation bias as much attention as the other bias categories. In attendance at the press conference were numerous human interest groups, including gay and lesbian organizations.

QUESTION: Does the Department of Justice have any plans to assure that all of the communities affected by the Act are aware of it?

ANSWER: The Department, through the FBI, has provided training to representatives of all 50 States and U.S. territories and is continuing to hold training seminars for the nation's law enforcement agencies through the UCR program. In addition, the FBI has made presentations and given lectures in law enforcement and other forums, concerning the Hate Crime Statistics Act. Written communications, including bulletins and newsletters, have discussed hate crime statistics collection efforts. Human interest groups participating in the design and implementation of the Hate Crime Statistics

Program have also been encouraged to acquaint their constituency with this national effort. the Community Realtions Service (CRS) will complement efforts of the FBI by providing conciliation, training, and technical assistance to communities in resolving racial and ethnic conflict that arises out of incidents of hate crimes, or out of implementation of the Act in local communities.

QUESTION: Congress has provided funds for an Issues and Practices Study by the National Institute of Justice. However, no report has been completed, and none of the Institute's current research appears to comply with Congress' request. Is the Issues and Practices Report currently being prepared? If so, please identify the researchers who are working on it.

ANSWER: In response to this Congressional directive in 1989, the National Institute of Justice (NIJ) funded a study in the amount of $149,928. The study was designed to examine criminal justice practices and victim reactions to bias-motivated crime in New York City and Baltimore County, both chosen for study because of their extensive data bases on bias crime incidents. The New York City Police Department's bias crime unit has been collecting data on investigations of crimes based on sexual orientation since July 1987. Baltimore County has been collecting hate crime statistics, with the exception of those related to sexual orientation, since 1981. The issues under examination in those sites include:

- The nature and characteristics of bias motivated crimes in comparison to samples of similar, non-bias crimes;
- The criminal justice response to bias-motivated crimes in terms of
    - a) the arrest, charging, adjudication, and sentencing outcomes of bias v. non-bias cases, and
    - b) the special procedures used by the two police departments in addressing and investigating bias crime; and
- Victim differences in bias v. non-bias crimes in terms of their reactions, the effects of the crime on them, the services they need, and the services they utilized.

Recommendations for policy and practice will be included in the final report.

Issues and Practices in Criminal Justice is a practitioner-oriented series of reports that assimilates the existing research literature and best practices on a topic. The study will contribute to an area in which there was little research and no identifiable new practice with regard to hate crime and the criminal justice system at the time the Congressional request was made. The co-principal investigators for this study were Professor James Garofalo of the School of Criminal Justice, University of Indiana at Bloomington, and Dr. Susan Martin, formerly of the Police Foundation, and currently a program manager at the National Institute of Alcohol Abuse and Alcoholism. The report is currently being prepared by Professor Garofalo.

QUESTION: When will we receive the Issues and Practices Report funded during the 100th Congress?

ANSWER: The researchers had originally estimated that their draft final report would be completed in February 1991. However, during the course of the grant, Dr. Garofalo moved to the University of Indiana from the State University of New York, Albany. Because of delays in transferring Dr. Garofalo's grant to the University of Indiana, delays that were beyond his control, he was unable to complete the final report within the originally estimated time-frame. NIJ recently provided a 3-month, no-cost extension on the grant to provide the time needed to produce a final report. The report is expected to be completed by June 1991.

QUESTION: The President's budget calls for the CRS to establish a Hate Crime Program. However, the CRS mandate only allows it to develop programs concerning discriminatory practices based on race, color, or national origin. What arrangements have been made to assure that the Act is fully implemented as it applies to crimes on sexual orientation?

ANSWER: CRS is limited by statute to giving assistance to communities to resolve conflicts based on race, color, or national origin. (42 U.S.C. §2000g et seq.) For that reason, CRS cannot offer assistance in resolving conflicts arising out of incidents of sexual orientation hate crime. However, CRS does record reports to the CRS toll-free hotline of conflict based on sexual orientation. (In 1990, CRS established a toll-free hotline (1-800-347-HATE) on which individuals could report incidents of hate activity.) Callers with such information are also advised to report incidents to their local police. CRS will use information on hate crime relating to sexual orientation for analytical purposes only.

Primary responsibility for implementing the Hate Crime Statistics Act rests with the Uniform Crime Report (UCR) Unit of the FBI. The FBI has taken necessary actions to ensure that the Act will be implemented as it applies to collecting and publishing data hate crimes based on sexual orientation. CRS will complement efforts of the UCR Unit by providing conciliation, training, and technical assistance to communities in resolving racial and ethnic conflict that arises out of incidents of hate crimes, or out of implementation of the Act in local communities.

QUESTION: What programs other than data collection through the Uniform Crime Reports System are planned to implement the Hate Crimes Act?

ANSWER: As stated above, the FBI, with assistance from CRS, has conducted a series of five conferences to train State and Federal coordinators and officials on the implementation of the Act. The FBI, with continued assistance from CRS, will also hold similar training conferences throughout the remainder of 1991 for the nations's 315 largest law enforcement agencies. The Department is coordinating the utilization of resources of several agencies such as the FBI, the Criminal Section of the Civil Rights Division, and CRS in the implementation of the Hate Crimes Statistics Act.

Visa Waiver Pilot Program Form

QUESTION: Modifications to the Visa Waiver Pilot Program Form (I-791) were mandated under the Immigration Act of 1990. I understand the Immigration and Naturalization Service is presently redesigning the form as the current version must be replaced by June 1, 1991. What is the status of this revision? Will interested parties be allowed to comment on the new revisions to the I-791 form?

ANSWER: The Immigration Act of 1990 changed the grounds for exclusion and removed certain specific requirements for the form(s) to be used for the Visa Waiver Pilot Program, thereby leaving room for INS to revise the form. The Visa Waiver Pilot Program Form (I-791) will be combined with the Arrival/ Departure Record (Form I-94) so that the inspection process will be simplified for both the applicant for admission under the Pilot Program and the immigration inspector. The revised form will be published in the Federal Register for comment in the near future.

QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

Federal Law Enforcement Pay Reform

QUESTION: Last year, the Federal Law Enforcement Pay Act was enacted. Have you noticed any impact of the law on recruitment or retention of Federal law enforcement officials in New Jersey? In the United States generally?

ANSWER: The National Advisory Commission on Law Enforcement was created to study the methods and rates of compensation of Federal law enforcement officers. The report recognized that compensation levels for Federal law enforcement personnel were insufficient and concluded that adequate compensation was necessary to maintain a highly-motivated and competent workforce.

The Federal Law Enforcement Pay Reform Act provided for the following: increased entry-level pay to be phased in over a 2-year period beginning in 1992; geographic pay differentials in 8 areas, ranging from 4 percent in Washington D.C. to 16 percent in New York, Los Angeles and San Francisco; retention and relocation allowance provisions; language bonuses; and overtime and premium pay provisions.

Because these pay adjustments do not take effect until 1992, final determinations on recruitment and retention cannot be made; however, there was a substantial decrease in retirements resulting from the pilot compensation program for the Federal Bureau of Investigation (FBI) in the New York area.

A similar effect is anticipated in New Jersey, and we believe that it will increase retention generally throughout the United States.

Budget Requests of New Jersey Offices

QUESTION: Please provide the Committee with a copy of any budget requests by U.S. Attorneys, FBI offices and DEA offices that serve New Jersey, including any staffing proposals and the Administration's responses to these requests.

ANSWER: Each component of the Department of Justice develops their internal budget proposals differently, based on their perceived internal operating needs. The Department and the Office of Management and Budget do not make resource allocation decisions on a geographic basis. The overall policy priorities of the Department and the Administration govern these decisions. While initiatives frequently originate in specific geographic locations -- such as the motor fuels excise tax initiative that had been undertaken originally in the New York/New Jersey/Connecticut metropolitan area by the Tax Division, the Criminal Division, the United States Attorneys, the FBI and the Internal Revenue Service's Criminal Investigations Division -- geographic initiatives must be considered in light of national priorities. Similarly, national priorities are translated into specific allocations of personnel and funds for each of the United States Attorneys, the FBI and the DEA field offices, etc. The following information is provided based on the manner in which the internal processes of each organization are handled. Budget allocation decisions will not be made until after the appropriations are received.

United States Attorneys. The following information provides the resource allocation changes of the United States Attorneys. The budget request from United States Attorney's office in the District of New Jersey has been provided to the subcommittee.

District of New Jersey
Resource Allocation Summary

	August 1988	Present
Attorneys	60	95
Paralegals	3	9
Support	67	90
OCDETF Attorneys	7	11
OCDETF Paralegals	0	1
OCDETF Support	5	8

Recent allocations include:

- **Two attorney positions (November, 1988) and two support positions for asset forfeiture/civil enforcement (January, 1989);**

- Five attorney positions and five support positions for Organized Crime Drug Enforcement Task Force (OCDETF)/ general narcotics (November, 1988/January, 1989);

- One attorney position and one support position for Financial Institution Fraud (December, 1989);

- Eleven attorney positions and six support positions due to Organized Crime Strike Force merger (December, 1989);

- Ten attorney positions (five due to designation as high intensity drug trafficking area) and six support positions as a result of the Violent Crime Initiative (March, 1990);

- One support position to establish the position of Deputy Administrative Officer (March, 1990);

- One support position in recognition of Computer Systems Manager's participation in Senior Systems Manager program (March, 1990);

- Eight attorney positions, one paralegal position, two auditor positions and six support positions for Financial Reform, Recovery and Enforcement Act matters (February, 1991); and

- Two attorney positions, one paralegal, and one support positions for OCDETF (February, 1991).

Federal Bureau of Investigation (FBI). The FBI does not submit budget requests on behalf of individual field offices. Prior to submitting the Spring Planning Estimate to the Department of Justice, a survey is taken to determine the needs of all FBI field offices. Internal hearings are then held to establish program-based budgets. These program-based budgets are rolled into 18 separate decision units for purposes of the various submissions required. Appropriated resources are then divided amongst FBI field offices based on their needs.

The Newark field office serves as the headquarters city for the State of New Jersey. It is the 8th largest FBI field office out of a total of 56 and has an employee complement of approximately 475. Due to its size and territorial purview, the Newark field office is consistently the recipient of resources commensurate with its responsibilities.

Information regarding FBI's position allocations for the State of New Jersey in 1990 and 1991 follows:

Office	1990 Total	1990 SA	1991 Total	1991 SA
Newark Division	306	174	329	185
Atlantic City	39	25	40	25
Franklin Township	17	16	26	24
Garret Mountain	34	31	37	33
Hackensack	1	1	0	0
Red Bank	10	10	10	10
Trenton	16	12	15	12
Northeast Region Computer Center (Fort Monmouth)	111	3	116	3
Camden	14	13	15	13
Total	548	285	588	305

Drug Enforcement Administration (DEA). DEA field offices do not generally participate directly in the budget formulation process. DEA Headquarters is responsible for identifying and developing overall agency resource requirements. Consequently, no budget requests for DEA's New Jersey offices exist.

However, information regarding DEA's position allocations for the State of New Jersey in 1990 and 1991 follows:

Office	1990 Total	1990 SA	1991 Total	1991 SA
Newark Division	91	50	111	60
Atlantic City Resident Office	9	7	9	7
Camden Resident Office	8	4	8	4
Total	108	61	128	71

Anti-Discrimination Activities

QUESTION: What has the Department of Justice done to insure against discrimination against their own minority employees within the Department of Justice?

ANSWER: The Department has an active Equal Employment Opportunity program designed not only to prevent or eliminate discrimination by or against its employees or applicants, but also to affirmatively recruit minorities, women and persons with disabilities. The Attorney General has issued policy statements on equal employment opportunity informing employees and managers that the Department will provide equal employment opportunity to all persons regardless of race, color, religion, sex, national origin, age or disability and that discrimination would not be tolerated. Similarly, the Attorney General has issued a policy statement prohibiting sexual harassment in the Department. The Attorney General has also made a video message affirming his support and commitment to the principles of Equal Employment Opportunity, which is used in training and orientation sessions for managers and employees within the Department. Additionally, the heads of each of the seven major bureaus have issued Equal Employment Opportunity policy statements for their components.

The Department conducts, on a continual basis, training for managers and supervisors on their responsibilities under the Equal Employment Opportunity program. An Equal Employment

Opportunity module is included in all basic supervisory training courses. Additionally, an orientation to Equal Employment Opportunity is included for new law enforcement recruits both at the training center in Glynco, Georgia, as well as the FBI training academy in Quantico, Virginia.

The Department is also continuing to improve its program for processing complaints of discrimination filed by employees. The amount of resources devoted to this program has increased significantly within the last several years, and each major component is presently reviewing its complaints processing program to determine if additional resources are required.

The Department has tâken an active approach in training of managers, designed to educate them on the types of poor personnel practices that often lead to discrimination charges. The Department has also begun to offer courses in cultural diversity to enable Department managers and employees to work more harmoniously through a better understanding of various cultural differences.

All of the above are examples of how the Department is striving continuously to insure a workplace free of discrimination.

Communications with State and Local Law Enforcement

QUESTION: In setting legislative and policy priorities, to what extent does the Department seek input from national, State, and local law enforcement organizations?

ANSWER: In formulating investigative and litigative priorities and strategies, the Department uses information that has been obtained from a variety of sources, including input or comments from other Federal, State, or local law enforcement personnel. These sources include the Law Enforcement Coordinating Committees (LECCs), various task forces and joint investigations, shared intelligence and training, and meetings and conferences. Input is also directly sought from States in some circumstances. For example, involved States were consulted in the formulation of plans for the High Intensity Drug Trafficking Areas.

As an additional example, the FBI, through the daily investigative efforts of field office personnel working closely with other Federal, State, and local law enforcement, is able to gather significant intelligence information from which national and local investigative priorities can be developed. In addition, FBI field offices are required to conduct surveys of the current and potential crime problems within their division and identify the resources that are required to address them effectively. Based on the results of these surveys, consistent with national priorities and guidance from the United States Attorneys field offices can establish local investigative priorities, as well as develop the strategies and initiatives required to accomplish their investigative responsibilities. The compilation of this information contributes to the establishment of national investigative priorities and/or legislative actions.

QUESTION: Local law enforcement officials have told me that they are dissatisfied with the quality of communications between the Department of Justice and State and local law enforcement. Do you believe anything must be done to improve such communication?

ANSWER: The Department of Justice believes that communication with State and local law enforcement agencies is essential, and we are continually attempting to improve this communication through the LECCs in each Federal judicial district. The LECCs, under the direction of each United States Attorney, bring together members of the United States Attorneys' offices, Federal agencies such as the FBI and DEA, State and local prosecutors' offices, State police agencies, and local sheriffs and police departments. The LECCs sponsor formal training seminars on an array of law enforcement topics as well as informal information-sharing sessions, both of which enhance cooperation and coordination among Federal, State, and local law enforcement agencies.

In addition, the Department's asset forfeiture program, through which cash and other assets seized from drug dealers are forfeited to the Government and then shared with State and local agencies that participate in joint investigations, is an effective tool in promoting cooperation and communication between the Department of Justice and our State and local counterparts.

Further, the FBI and DEA are involved in formal and ad hoc task force operations with State and local law enforcement agencies. In addition to these major/formal task forces, there are literally hundreds of other situations in which the Department is working with State and local officials on a particular investigation that would not evolve into the establishment of a formal task force.

A significant objective within the national investigative strategies is to provide assistance to other Federal, State, and local law enforcement agencies -- sharing of intelligence, specialized training, technical assistance, etc. Cooperative efforts such as these illustrate the Department's commitment to and support of State and local law enforcement.

Role of the Border Patrol in Illegal Drug and Alien Interdiction

QUESTION: What role is the Border Patrol playing in illegal drug and alien interdiction and what improvements are being made to better use them?

ANSWER: The role of the Border Patrol is unique because of the particular law enforcement authorities vested in the INS for control of our border, and the unparalleled authority of INS relating to the examination and exclusion of aliens seeking to enter the United States. The Border Patrol's objectives in meeting that role are to deter uncontrolled entry into the interior of the United States by the rapid detection, interception, and apprehension of illegal entrants at or near the border.

The role of the Border Patrol in drug interdiction involves the:

- detection and arrest of drug smugglers and seizure of drugs and other contraband being transported into the United States between land border ports of entry,
- detection and location of areas and facilities near the border where drugs are grown, processed, stored for shipment, landed or transported, and assistance to efforts to identify and arrest the traffickers using the areas and facilities,
- detection at Border Patrol checkpoints of drugs being transported from the immediate border area into the interior of the United States.

Improvements are being made through increased effectiveness of Border Patrol personnel. Initiatives such as an enhanced air operations program, high intensity lighting, improved fence maintenance, sensors, secure voice radios, low level light television systems, and night vision equipment improve the effectiveness of their enforcement activities.

We are increasing the Border Patrol drug interdiction efforts through cross-designation authority, drug training, the canine program for the detection of aliens and narcotics being smuggled into the United States, and special operations, which concentrate resources in high drug trafficking areas.

Central Alien Records Facility

QUESTION: I understand that the Immigration and Naturalization Service now lacks a central records facility that law enforcement officials can contact to get information about an alien. Instead, officials have to know the port by which the alien entered the country and then contact the INS office at that port. Do you see any need for improvements in INS recordkeeping?

ANSWER: In compliance with Section 290 of the Immigration and Nationality Act, the Immigration and Naturalization Service maintains a central records facility in Washington, D.C. The central records facility contains the names of all aliens admitted to or excluded from the United States since 1906, the names of sponsors of record (if any), and such other relevant information required to aid in the proper enforcement of immigration laws. The records facility is accessible to all authorized law enforcement officials and is operational 7 days a week, 24 hours a day. In order for a records technician to conduct a comprehensive search of INS's automated and manual databases, the authorized requesting party is requested to provide data pertaining to the subject's "A" (identification) number, name(s), date of birth, country of birth, and approximate date and place of entry into the country. INS has an on-going program of data input and corrections to maintain an efficient recordkeeping operation that provides timely and accurate information to its clients. Constant monitoring of the performance of the facility and related technology is being accomplished to improve the responsiveness to the law enforcement community.

To further improve service and responsiveness to Federal, State and local law enforcement agencies, the Immigration and Naturalization Service is requesting resources to establish an Enforcement Operations Center that will provide an easy direct method to reach Immigration and Naturalization Service staff on a 24-hour per day basis. In addition to providing timely assistance to law enforcement officers who encounter alien criminals, the center will also be able to assist correctional institutions in identifying criminal aliens who are serving sentences, which, in turn, will allow the Immigration and Naturalization Service to begin deportation proceedings earlier in the process.

Role of the United States Marshal

QUESTION: I have been told that many members of the U.S. Marshals Service are concerned because they lack a well-defined role. Apparently, U.S. Marshals may be called upon to perform a variety of different tasks, and some feel they would prefer to have more specifically-defined responsibilities. Do you believe this is a problem? If so, is there anything that the Department plans to do about it?

ANSWER: The Department does not consider the lack of specifically-defined responsibilities within district offices to be a problem. Due to the varied responsibilities of the U.S. Marshals Service, the dispersion of the workforce, and the fluctuating workloads in the districts, the United States Marshals Service has found it more efficient to staff offices with employees capable of performing the full range of law enforcement duties for which the district is responsible.

Moreover, it is the Marshals Service's experience that the diversified work contributes to employee morale and serves as a recruitment incentive. Whenever district employees have been required to perform the same tasks for prolonged periods of time, their morale and motivation have dropped.

Although, for these reasons, most Deputy United States Marshals perform a range of duties, some specialization does occur. For example, subject matter experts are available for guidance in specific program areas. In addition, many of the Marshals Service's higher-graded positions tend to be specialized (e.g., Witness Security Inspector, Enforcement Specialist, etc.).

Study on Firearms

QUESTION: I understand that, according to a recent study by the National Institute of Justice (NIJ), about 22 percent of the firearms obtained by convicted felons were obtained

through legitimate means. Yet recently, you stated that the real figure was 1 in 6. Was the NIJ conclusion wrong?

ANSWER: No, both figures are from a 1985 National Institute of Justice Research Report entitled, "The Armed Criminal in America, A Survey of Incarcerated Felons", which addressed the issue of firearms acquisition. The study involved surveys of approximately 2,000 felons in 10 States. The researchers report that each felon was asked whether he had ever owned a handgun. Each of those persons who said yes (55 percent of the total sample) was then asked where his most recent handgun had been obtained. Of this group, almost 22 percent said that the source of their most recent handgun was a retail outlet (e.g., gun shop, pawn shop, hardware or department store). This percentage included thefts from retail stores of 3 percent. When asked what fraction of the felons' most recent handgun acquisitions involved a straightforward transaction (cash purchase), 16 percent said that it involved a straightforward transaction from a retail outlet. Thus, the study states that "one out of six of the men in the sample acquired his most recent handgun through means and sources likely to be concerned about the legality of the transaction."

Hate Crime Statistics Act

QUESTION: Your Department supported the passage of the Hate Crime Statistics Act last year. The Act requires the Justice Department to take on important new responsibilities in collecting data on the number of hate crimes committed around the country. Has the Department allocated new resources to ensure effective and comprehensive implementation of the Act?

ANSWER: No new resources were provided to implement the program to collect hate crime statistics. Implementation has been performed using existing staffing for the Uniform Crime Reporting unit in the FBI. However, the FBI has reallocated over $217,000 within the Uniform Crime Reporting unit. In addition, the Community Relations Service established, out of available resources, a toll-free hotline (1-800-347-HATE) on which individuals could call to report incidents of hate activity.

QUESTION: The FBI's Uniform Crime Reporting Section has the hate crime data collection responsibility under the new act. Four of the initial five planned regional training sessions have now been completed and reports I have received indicate that they have gone quite well. Yet at the completion of the training sessions, the FBI will have trained less than 200 law enforcement officials. Given that the effectiveness of the new Act will only be as good as the training of the individuals required to report, is your Department prepared to allocate the funds necessary to permit the FBI to engage in broader, more comprehensive training around the country? Have funds been allocated for this purpose yet?

ANSWER: Recently, the expenditure of over $217,000 to conduct an additional 11 regional training conferences to continue the Hate Crime Statistics Act implementation was approved. Representatives from all the law enforcement agencies representing 315 municipalities, having populations of 100,000 or more, will be provided the same curriculum as the State and Federal representatives were in the initial five conferences. These 315 cities and counties cover approximately 77 percent of the United States population. This training will enhance greatly the full and timely implementation of the Hate Crime Statistics program. It should be understood that the ultimate and ideal vessel for hate crime statistics collection is the National Incident-Based Reporting System, currently in varying stages of implementation in 30 States. This system, serving as the vehicle for hate crime collection, will capture bias motivation in 46 specific offenses and will include far more detail about the victim, the offender, and nature of the specific offense than the interim hard copy hate crime collection effort (which itself surpasses statutory requirements).

Staffing at Newark International Airport

QUESTION: Traffic at Newark International Airport has grown significantly. Traffic was up 60 percent in 1990, and it is projected to grow another 25 percent in 1991.

The increase in traffic has helped lead to a serious shortage of INS agents to process incoming passengers. The international standard is 45 minutes for moving passengers through the process. However, during peak periods at Newark, passengers may face a wait of several hours.

Newark isn't alone in this problem. INS has come up with a plan to deploy about 450 new agents nationwide. However, Newark would receive only 6 additional agents. This, in spite of the tremendous growth in traffic, and a finding by the GAO that the INS is understaffed at Newark. By contrast, JFK, where traffic is fairly level, would receive more than 100 additional agents.

Do you believe that INS will be able to meet the 45-minute standard with a minimal staffing increase of 6 agents?

ANSWER: Yes, in the majority of cases. It should be pointed out that Newark actually received 13 new positions, not 6, for a total of 41 full-time permanent positions at this airport/seaport location.

QUESTION: If that standard is not being met, will INS reassign agents?

ANSWER: No user fee location currently has a surplus of full-time permanent positions that could be transferred without adversely affecting passenger facilitation at the source location.

Additional personnel, alone, cannot totally address the delays that occur at an airport when too many aircraft are permitted to disembark passengers in a short time frame. the Immigration and Naturalization Service (INS) has been unsuccessful in convincing the airline industry to spread out arrivals over longer periods of time during the day to allow more efficient use of resources.

Each District Director and local manager has a variety of assets available to them to meet operational needs, including scheduling Immigration Inspectors to accommodate arrival patterns at airports. Judicious use of other than full-time Immigration Inspectors and inspectional overtime are intended to continue to supplement available full-time permanent staff until such time as inspections user-fee revenues, budget authorization process, and the INS recruiting and training capability will support creation of significant additional full-time permanent Immigration Inspector positions.

QUESTION: How did INS determine the staffing needs at airports, particularly Newark?

ANSWER: The INS's Office of Inspections developed a user fee staffing model in late 1990 to better justify requests for additional staffing and to allocate new positions authorized by the Congress. This effort represents the first attempt by the INS to objectively quantify inspections program workload and staffing requirements nationwide.

QUESTION: If the INS uses an objective standard for staff allocation, what is that standard?

ANSWER: The INS airport staffing model is a spreadsheet that calculates projected staffing needs based on inspections workload data from the most current completed fiscal year, weighted by estimates of growth in international passenger arrivals for each airport. Growth percentages were provided by regional program managers. Future versions of the model will utilize estimates of growth supplied by the air travel industry.

The staffing model calculates the number of full-time positions required to process arriving international passengers within the Congressionally imposed 45-minute facilitation limit. The model accounts for the effect of "peaking" by using an average of only 4.5 hours each day devoted to conducting inspections. This feature artificially compresses the productive day, inflating the number of inspectors needed.

Staffing models are very important in allocating finite resources based on workload and not, as INS has done in the past, according to subjective considerations. With intense competition between airports in some geographic areas, the Federal Government, and INS in particular, has a duty to allocate resources based upon objective and dispassionate evaluation of factors having a direct bearing on staffing needs. The INS should not be placed in the position of favoring one airport over another, especially in the same competitive market, when allocating Immigration Inspectors.

QUESTION: Of the 32 currently authorized positions at Newark, how many are actually now on-board?

ANSWER: Of the 41 authorized full-time permanent Inspections positions at Newark, 34 were on duty as of May 23, 1991. Of the remaining 7 vacant full-time positions, 6 have been committed. This means that these 7 positions have been offered to and accepted by new candidates. The remaining full-time position has been announced.

QUESTION: How does that compare to the national average at airports?

ANSWER: As of May 23, 1991, the national average percentage of authorized full-time permanent positions on board at user fee locations was 75 percent. Newark is expected to be fully staffed by July 1991.

QUESTION: How does that compare to the nation's 20 largest ports of entry?

ANSWER: There are 1,513 full-time permanent positions authorized at the 20 largest user fee ports of entry, expressed as a function of the number of arriving international passengers inspected by the INS during 1990. Of this total, 1,138 positions, or 75 percent were on duty at these ports of entry as of May 23, 1991.

QUESTIONS SUBMITTED BY SENATOR JIM SASSER

War on Drugs

QUESTION: States like my State of Tennessee sometimes seem to escape the attention of Federal agencies in the war on drugs. I realize the flow of drugs in these areas, but inland States have their problems, too.

States like Tennessee have a serious problem with drug smugglers leapfrogging the coast along the Gulf of Mexico and landing drugs at small airstrips, which are often unattended at night.

Please outline your thoughts on what plans the Justice Department has to further address rural drug smuggling in the next couple of years.

ANSWER: The most effective domestic drug investigative strategy requires targeting significant trafficking organizations at the major importation and distribution centers and systematically attacking the drug trafficking organizations and the organizational structure behind each distribution network in order to arrest the leadership and seize their assets. Investigative resources have necessarily been concentrated in these regions, which are the principal transshipment centers for major drug trafficking organizations. These regions are classified as Level I and II cities. The Department will continue to focus the majority of its resources at this level. However, we have requested resources for the two principal drug investigative agencies -- the Drug Enforcement Administration (DEA) and the Federal

Bureau of Investigation (FBI) -- to address rural drug smuggling.

DEA addresses the rural area issue through the establishment of State and local task forces and posts of duty, where the trafficking situation or specific local issues warrant a DEA presence, or by providing drug law enforcement training to State and local police officers. For 1992, we have requested for DEA an increase of 70 positions (including 26 agents) and $8,517,000 to support seven permanent State and local task forces.

Because smaller cities across the United States, where regional drug trafficking groups operate, require additional investigative personnel to address the drug problems, the FBI formulated a Regional Action Initiative. The Regional Action Initiative would provide selective resource enhancements to those Level III and IV field offices that can demonstrate that major regional drug organizations are active in their territory and that these groups have a definable nexus to major domestic or international drug trafficking groups. Major regional drug trafficking organizations operate on a multi-jurisdictional scale and maintain direct connections to internationally-based drug trafficking organizations responsible for supplying principal United States markets. Many of the national gang organizations and "emerging groups" had their genesis as major regional organizations. Included are such groups as the Los Angeles-based Bloods and Crips, as well as the Jamaican Posses. These gangs are also responsible for much of the violent criminal activities associated with drug trafficking. In 1992, the FBI request includes 51 agent positions for its Regional Action Initiative within the Organized Crime Drug Enforcement Task Force (OCDETF) appropriation. This enhancement would provide the necessary resources for the FBI to increase its investigative commitment to OCDETF's comprehensive attack against drug trafficking organizations in the smaller, non-Level I and II cities.

QUESTION: I realize you can't station an army at every rural airstrip on the off chance that some drug smuggler might use it. However, is there any technology on the horizon which might enable DEA agents to improve the transfer of real-time information on likely drop sites to agents on the ground?

ANSWER: DEA currently has limited technological capabilities in the area of remote airfield monitoring. In some cases DEA is able to use sensors that remotely signal our agents via a radio signal when a plane has landed. However, this technology is not refined. It has a limited range and the sensors can be set off when there are other disturbances. DEA is now working to improve this technology to provide real-time information on likely drop sites to agents on the ground.

QUESTION: Also, could you give us some assurance that in any increase in resources and agents that this Subcommittee might

give you, a significant amount of this increase will go to rural areas?

ANSWER: The funds requested for the FBI's Regional Action Initiative would address the drug trafficking problems of this country's heartland. These resources (51 agents and 15 general support positions) are requested within the Department of Justice's Organized Crime Drug Enforcement Task Force (OCDETF) budget. The requested increase in FBI investigative resources would assist in ensuring the FBI's presence in middle America where major drug trafficking problems are present. This additional funding would allow the FBI to increase its investigative commitment to OCDETF's comprehensive attack against drug trafficking organizations in the smaller, non-Level I and II cities.

Approximately one-third of DEA's special agent enhancement in 1991 was assigned to rural areas. While the allocation of 1992 resources cannot be determined yet, DEA is committed to stemming the flow of drugs in rural as well as metropolitan areas.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

Law-Related Education Program in West Virginia

QUESTION: Last year, the Committee recommended $2.9 million for the coordinated Law-Related Education (LRE) Program. The Senate report indicated its belief that this successful program established over many years should continue in its same organizational pattern.

In response to my question at last year's hearing, I was advised that the grantee chosen to assist West Virginia in becoming a participant State in the National Law-Related Education (LRE) Training and Dissemination Program of the Office of Juvenile Justice and Delinquency Prevention (OJJDP) is the Special Committee on Youth Education for Citizenship of the American Bar Association (ABA). In May 1990, the State of West Virginia made a commitment to participate in the LRE program. A total of $5,000 of Federal funds has been made available to West Virginia to develop an infrastructure for LRE. What role will the ABA play in the development of this infrastructure?

ANSWER: The ABA will, as it has for all incoming States to the OJJDP's National Training and Dissemination Program for Law-Related Education, provide technical assistance for the development of a State level organization to initiate the program State-wide. Our 10 years of experience with the program has shown that it takes about 3 to 4 years for a State to establish formally a Law-Related Education program within the State education system. The ABA has focused its efforts in this program to assist incoming States in their early efforts to introduce Law-Related Education programs to the schools.

QUESTION: Please provide for the record a general update on significant milestones of this program for 1992, and 1993, as well as 1994.

ANSWER: The overall philosophy guiding the award of contract funds to the States will be to support project development, maintenance and awareness activities during the early years of a State's participation in the program, shifting to an emphasis on training and leadership development in later years. States must, of course, expend and obligate the contract funds within 12 months before additional funding is granted.

For example, development States, such as West Virginia, will use their OJJDP funds to develop a capacity to conduct a training and dissemination capability; first-year target States will focus their OJJDP-funded activity on generating widespread awareness of and receptivity for this project (e.g., 150 teachers and resource persons will receive awareness training); second-year target States will begin to shift from awareness to training and leadership development activities (75 teachers and resource persons will participate in awareness; 75 will participate in training); third-year target States will focus their OJJDP-funded activity primarily on training and leadership development activities (100 teachers and resource persons will be trained).

Currently, West Virginia is a development State. Providing the State becomes a first-year target State in 1991, we anticipate the activities described above will occur. However, West Virginia officials have a great deal of discretion on how to implement their program.

QUESTION: As a follow-up, on November 28, 1990, I wrote to Attorney General Dick Thornburgh on this matter, and his response to me of January 14, 1991, indicated that West Virginia participated for the first time in the LRE program during the past year and was eligible for $5,000 as of October 1990. The contract to receive the funds is expected to be signed by West Virginia officials in the very near future. In addition, West Virginia will be eligible to receive 1991 funds this coming summer. Is there any follow-up funding required in 1992?

ANSWER: The Law-Related Education program implementation plan calls for target States to receive a $10,000 stipend during this fiscal year. West Virginia is projected to be a target State in fiscal year 1992. The President's proposed budget for 1992 contains $7.5 million to expand OJJDP's High Risk Youth Program, which addresses the problems with gangs and drugs and their relationship with the juvenile justice system. However, funding for the Law-Related Education program would not be continued in 1992 under the pending budget request.

QUESTION: What is a realistic expectation of the benefits to be derived in West Virginia from this program? Please give some examples.

ANSWER: The Law-Related Education program established by OJJDP some 12 years ago now has 48 States including the District of Columbia and Puerto Rico as active participants. These participating States feel that the program has merit and worth. A study conducted in Colorado schools and a study conducted on a national basis suggested that law-related education, when properly taught, can reduce students' tendency to engage in delinquent behavior, enhance student understanding of our legal system, and develop more constructive attitudes toward our legal system. Law-related education also seeks to improve the citizenship skills and attitudes of young people by providing them with an understanding of law, the legal process and the legal and political systems.

QUESTION SUBMITTED BY SENATOR TOM HARKIN

Americans with Disabilities Act

QUESTION: On July 26, 1990, President Bush signed the Americans with Disabilities Act (ADA), landmark civil rights legislation guaranteeing equal opportunity for people with disabilities. President Bush has hailed the ADA as one of the top five accomplishments of the 101st Congress. The President has also recognized the critical necessity of providing broad-based technical assistance to the business and disability community, and hiring sufficient staff and providing appropriate training to ensure effective and efficient implementation of the ADA.

On December 5, 1990, the President's proposed technical assistance plan was published in the Federal Register. Extensive plans were set out. There was also a recognition that "specific additional appropriations will be required to carry out the assistance and outreach initiatives. . . . In the absence of additional appropriations, the technical assistance grants cannot be implemented."

In your Department's budget request, $2.5 million was requested for ADA implementation and technical assistance. I understand that your request to the Office of Management and Budget (OMB) for ADA implementation and technical assistance was $14 million. Please provide the committee the rationale for the level submitted to the OMB. Do you feel this level of funding is still necessary for the proper implementation of the ADA?

ANSWER: The original request of $13,676,000 to the OMB was based on a significantly larger level of resources requirements for grants and contracts to disseminate technical assistance related information. This level of resources was requested and would have enabled the Division to address a significantly larger targeted audience level. The Department believes that the $2.5 million requested is sufficient to permit adequate efforts to be made to implement and provide technical assistance on the ADA in light of overall budget priorities and obligations, and the absence of historical experience with the Act. This is particularly true in light of the fact that the Civil Rights Division recently received a 1991 supplemental totalling $4.3 million to begin implementation of the ADA requirements.

QUESTIONS SUBMITTED BY SENATOR WARREN RUDMAN

Chief Financial Officers Act

QUESTION: Last year, Congress enacted the Chief Financial Officers (CFO) Act which, among other things, requires executive agencies to establish chief financial officers. The purpose of the Act is to improve financial management and accounting systems, and deter fraud, waste and abuse. You are requesting a program increase of 23 positions and $5.1 million to bring the Department into compliance with this Act.

What would happen if this funds were not provided? Would you comply with the Act?

ANSWER: The 23 positions and $5,125,000 are needed to implement the requirement with the CFO Act for audited financial statements. The funding request does not provide full compliance with the CFO Act. The audited financial statements initiative is the primary vehicle for the Department of Justice to address longstanding and serious problems in financial management and internal controls.

The CFO Act became law on November 15, 1990. Agency budget requests were submitted to the Office of Management and Budget (OMB) in September 1990. Therefore, agency budget requests could not have included the full scope of the Act.

If the funding is not provided, the Department of Justice will not be able to prepare and audit financial statements in accordance with the Act. Serious financial management problems within several components, such as the Immigration and Naturalization Service and the United States Marshals Service, will linger with only partial resolution.

QUESTIONS: How will this money be spent?

ANSWER: The Department plans to allocate the 23 positions to the following Department components:

Federal Bureau of Investigation
Immigration and Naturalization Service
Bureau of Prisons
United States Marshals Service
Drug Enforcement Administration
Office of Justice Programs
Justice Management Division

The 23 additional staff will develop and implement changes in policies, procedures and systems needed to produce financial statements capable of being audited in accordance with generally-accepted auditing standards. The Department's financial systems are not capable of producing the financial statements in the form and content required by the CFO Act. The systems need to be significantly redesigned and upgraded in order to:

1) Interface numerous supporting financial systems with the Department's primary accounting system;

2) Produce financial data complying with the enhanced standards promulgated by the CFO Act;

3) Implement upgraded audit trails and internal controls necessary to comply with the auditing and accounting standards inherent in Unqualified Opinions of Financial Statements; and

4) Provide timely and accurate financial resource information to all levels of Department management.

The 23 additional staff will direct contractor efforts to accomplish the broad objectives outlined above. Other than the personnel costs associated with the 23 positions, the funds will be used for contract support.

QUESTION: Will there be a major reorganization of the Justice Management Division?

ANSWER: The Department does not anticipate a reorganization of the Justice Management Division at this time. Future studies of financial management within the Department could result in major reorganizations. Such studies are mandated in the Act.

QUESTION: Do you believe that establishment of a Chief Financial Officer will be beneficial to the Department?

ANSWER: With regard to the anticipated benefits of the CFO Act, the Act places new and in-depth responsibilities for Departmental financial management under the Departmental CFO. If the CFO is provided the resources to carry out the extensive provisions of the Act, overall Departmental financial management will be significantly improved.

QUESTION: Has the Department decided who will serve as its Chief Financial Officer?

ANSWER: The Department would prefer to appoint the Assistant Attorney General for Administration to be the CFO and the Deputy Assistant Attorney General for Administration, Controller, to be the Deputy CFO. This proposal is similar to that of other executive branch agencies; but, because the Assistant Attorney General for Administration is not a political appointee, but a career official (28 U.S.C. §507(b)), the Department will propose a legislative exemption for this appointment.

ADP Security Compliance Reviews

QUESTION: You are requesting a program increase of six positions and $250,000 within the Justice Management Division

to increase the level of compliance with the Computer Security Act. I understand that in the past, the Justice Department has had some problems with computer security, such as used equipment being sold with sensitive data still in the machine.

What has been done, and what will be done to address computer security problems? Are Justice Department organization managers sensitive to computer problems?

ANSWER: The Department has established a new Compliance Review Group in its Security and Emergency Planning Staff, with a staffing level of six, to conduct security compliance reviews throughout the Department. It has already completed compliance reviews in the Security and Emergency Planning Staff, the Tax Division, the Bureau of Prisons, and four United States Attorneys Offices. Four more reviews are planned in 1991, and 25 in 1992.

An EAGLE network security administrator has been appointed, and the Department is providing automated data processing (ADP) security training in conjunction with the installation of its EAGLE System.

Computer security personnel visited 90 United States Attorneys offices across the country and briefed 3,700 United States Attorneys personnel regarding established Department ADP policy and security procedures. In all United States Attorneys offices visited, a briefing officer was appointed to brief all personnel not present for the security awareness briefing and for new employees; in some cases, a video recording was made to assist the briefing officer.

In addition, the Department reviewed information concerning the processing of classified information on personal computers and the method of handling inoperable or surplus storage media; most reviews indicate compliance with Department policy. Several meetings were conducted, including the following: a briefing on the degaussing process, types of approved degaussers, and an overwrite program; and a meeting for Department security program managers, which included a briefing of ADP security vulnerabilities and distribution of all security policy orders and numerous guidance documents and security awareness memoranda. Further, a briefing was provided to Department personnel concerning a team of experts assembled to obtain all data remaining on the Lanier storage media in the Eastern District of Kentucky.

Finally, the Department moved its Main Data Center to its present location in Rockville, Maryland to provide greater security than is available at its former location and has issued a contract to provide cardkey access to the Center and to provide other physical security enhancements.

QUESTION: How will the requested funds be used?

ANSWER: The Security Compliance Review Unit will evaluate compliance with the Department computer security policy.

Security compliance reviews will address personnel, document, and physical security as well as ADP and telecommunications security. The funds will be used to provide travel and computer equipment.

Departmental Case Management

QUESTION: You are requesting a program increase of $5 million for development of a state-of-the-art, Department-wide case management system for all litigating components. According to your budget document, the current case management system was developed in 1987, and encompasses data from five of the Departments of Justice's six litigating divisions and the United States Attorneys. Your document also states that this system was designed to meet the individual needs of the offices and generate various case management status reports and caseload statistics.

1987 is not so long ago. Why do you need to develop a new system?

ANSWER: First, although the current system is technically sound, problems with data quality and double counting degrade the usefulness and reliability of the database. Second, currently five of the six litigating Divisions and the United States Attorneys are at some stage of reviewing their case management information requirements and have requested authority to revise or replace their current systems. Third, uniform and consistent information on the number of cases, status, aging, time committed and other important management functions can not be generated by these independent systems. The Department has, therefore, developed a strategy whereby the case management information requirements of all litigating components, the United States Attorneys, and the Department's management will be analyzed and consolidated, and a system which meets all unique and common requirements will be developed and implemented.

QUESTION: Why is the current system inadequate?

ANSWER: The current system has its roots in a prototype system developed at the Federal Bureau of Investigation (FBI) and then replicated by the Justice Management Division's Legal and Information Systems Staff at the Department's data center. It relies upon data extracted from five of the six litigating divisions' and the United States Attorneys' case management systems. The data which is extracted is very different in approach, level of detail, and data definition. It is very difficult to pull information from such disparate systems and translate it into common definitions without making those definitions so broad as to render them meaningless. Additionally, there are two case numbering systems in the Department, one used by all United States Attorneys' offices and one used by all litigation divisions. This dual case numbering system results in systematic double counting of those cases where litigation responsibility is shared between a United States Attorney's office and a division.

The end result is the quality of the data in the current system is poor, and, therefore, the system is inadequate.

QUESTION: What data will be available from the new system, which are currently not available?

ANSWER: The new system will include a single case numbering scheme which will eliminate the double-counting problem. Since the new system will also standardize data definitions and procedures, data quality will be improved. The new system therefore will provide accurate Department caseload statistics.

QUESTION: Does the $5 million represent total costs, or will there be additional requests in future years?

ANSWER: The $5 million request for 1992 represents our best estimate for the development and implementation costs for the Departmental case management system. Funds to cover the operational and maintenance costs of the system cannot be estimated at this time, but will be requested in future years as necessary. At present, the Department is collecting case management requirements from the litigating divisions, the United States Attorneys offices and the Department's management. Cost estimates will be more precisely gauged as the project's scope is more clearly defined.

Departmental Case Management - GAO report

QUESTION: This past November, GAO issued a report concluding that the Department of Justice has failed to develop a uniform, accurate and complete case management information system. The GAO report notes, for example, that "After a number of false starts and over a decade of effort, Justice still does not have a system that can accurately provide the total number of cases being litigated and the total number of staff in the litigating organizations working on them. Efforts to develop such a system have been unsuccessful because 1) each litigating organization was allowed to develop a separate system to satisfy its own management needs, and 2) data submissions from the litigating organizations that fed the Departmental system were incomplete and unreliable."

What steps are being taken to ensure that the Department develops a comprehensive, Department-wide case management system?

ANSWER: The Assistant Attorney General for Administration has commissioned an agreement with the Federal Systems Integration and Management Center (FEDSIM) of the General Services Administration to conduct a consolidated comprehensive requirements analysis of case management information needs for the Department and all its litigating components. This process will lead to the development of a functional Request for Proposals for the design, development, and implementation of a case management system for the Department and all litigating components. The study conducted by

FEDSIM, now in progress, will incorporate the shared and unique information needs of each of the litigating components as well as the needs of the Department.

QUESTION: Will the $5 million requested under General Administration for a new state-of-the-art, department-wide case management system address the concerns raised by the GAO?

ANSWER: Yes, the new case management system will be uniform, accurate and complete and will be able to provide accurate Department caseload and staff resource statistics. However, as noted above, the $5 million provides for development and implementation costs; operation and maintenance costs will be included, as needed, in future requests.

QUESTION: Why has the Department had so much trouble developing a system, and what steps are being taken to ensure that history is not repeated?

ANSWER: Because each litigating component developed a case management system which addressed unique divisional requirements, the development of a Department case management system that relied upon extracts from each of these disparate systems was very difficult. Since data standards did not exist between litigating divisions and since two case-numbering systems are in use within the Department, poor data quality and double counting have impeded all recent attempts to develop an accurate and uniform departmental system. The new approach, however, ensures that case management data requirements and definitions are standardized. Additionally, a new single case numbering scheme will be used in the new system.

Motor Fuel Excise Tax Initiative

QUESTION: You are requesting a program increase of 10 positions and $540,000 in support of the Tax Division's motor fuel excise tax initiative. The funds will be used to investigate and prosecute those responsible for hundreds of motor fuel excise tax evasion schemes. This is an area which has become a growth business for organized crime.

How do these tax evasion schemes work?

ANSWER: These schemes take a wide variety of forms, a fact that complicates detection and interdiction efforts. Perpetrators of these evasion schemes frequently utilize forged invoices and thinly-capitalized shell corporations to produce paper trails that create a false appearance that fuel excise taxes have been paid. A company possessing these false documents charges its customers a price that reflects the payment of the tax, but when it receives payment for the gasoline, it simply pockets part of the money and it disappears. Other evasion schemes rely on false IRS exemption forms, mislabelling certain kinds of petroleum products (e.g., diesel fuel) to create the appearance that they are tax-exempt, or smuggling motor fuel to keep it entirely off the books.

QUESTION: What percentage of gasoline sold on the market is sold through a tax evasion scheme?

ANSWER: On a nationwide basis, a rough estimate of the number of gallons sold through evasion schemes may be derived by comparing the revenue generated by motor fuel taxes with the amount of tax being evaded. According to the IRS, motor fuel excise taxes generated about $16 billion in revenue in 1988; during that some period approximately 1 out 16 gallons escaped taxation.

In 1987, a New York State Commission estimated that 1 out of 10 gallons sold in the New York City metropolitan area was escaping taxation.

In the absence of a vigorous enforcement effort, the level of bootlegging will certainly increase. With the tax rate on motor fuels rising from 9.1 to 14.1 cents per gallon, there is now a greater financial incentive than ever to evade the tax.

QUESTION: How much is the Federal Government losing?

ANSWER: Beginning December 1, 1990, the Federal motor fuel excise tax was increased from 9.1 cents to 14.1 cents per gallon. It has been estimated that, even before the 50-percent tax hike, evasion schemes by legitimate dealers and organized crime were depriving the Government of as much as $1 billion annually. These estimates are based on information developed in the more than 100 pending Federal investigations involving motor fuel excise tax evasion and on statistics provided by State authorities.

QUESTION: How successful have investigations been in this area?

ANSWER: The Federal investigation into the nationwide gasoline tax evasion scheme began on Long Island in 1983 with the investigation of the activities of Larry Iorizzo, then head of Vantage Petroleum, and Michael Franzese, a reputed capo in the Columbo organized-crime family. In 1984, Iorizzo was convicted on mail fraud charges and in return for a reduced sentence, became a cooperative witness under the Federal Witness Protection Program. His testimony led to the 1985 convictions of Franzese and eight others who were involved in an extensive gasoline bootlegging operation that employed 18 companies which served as fronts for the collection and embezzlement of money.

One year later, Tax Division attorneys, the United States Attorney for the Eastern District of New York and the IRS Criminal Investigation Division conducted a joint investigation known as "Operation Sludge." Information provided by Iorizzo led to a number of convictions, including the January, 1990, conviction of Francis "the Bug" Sciortino on a charge of extorting money from participants in the gasoline excise tax evasion scheme orchestrated by the Columbo, Luchese, Genovese, and Gambino organized crime families. In furthering these prosecutions, Iorizzo testified that, from 1980 through 1984, he funnelled more than $360 million in stolen taxes to the Columbo crime family.

During the last 6 months, Tax Division attorneys continued to secure major convictions. Among these was the November 16, 1990, conviction of Getty Terminals Corporation, a Getty Terminals executive, and two independent gasoline wholesalers, on charges of conspiracy to evade over $1 million in gasoline excise taxes. On March 22, 1991, one of the conspirators was sentenced to a 5-year prison term, while Getty Terminals Corporation was fined $400,000.

Although Federal prosecutors have obtained more than 25 convictions in this area during the last two years, we are only beginning to scratch the surface. The evasion schemes used in the New York City area have been exported by organized crime to other parts of the country. As a result, there are now over 100 investigations pending in 18 different cities; a growing number of these investigations involve legitimate dealers, like Getty Terminals. Therefore, while we have made substantial progress in shutting down existing criminal enterprises, much remains to be done.

OCDETF Regional Action Plan

QUESTION: Your budget request for the Organized Crime Drug Enforcement Task Forces (OCDETF) includes a program increase for the FBI of 165 positions and $19 million. Part of this increase would be used to mount a Regional Action Initiative. Could you explain to the Committee what this initiative is, and how it would affect the drug enforcement effort?

ANSWER: The FBI addresses major domestic and international drug trafficking organizations in all areas of the country where drug importation and distribution is intensely prevalent. However, investigative resources have been concentrated in those regions which are the principal transshipment centers for major drug trafficking organizations. These regions are classified by the FBI as Level I and II cities. The Department recognizes that the smaller cities across the United States, where regional drug trafficking groups operate, require additional investigative personnel to address the drug problems. Therefore, we formulated the Regional Action Initiative in order to address more fully the drug trafficking organizations within these areas of the country.

The Regional Action Initiative would provide selective resource enhancements to those Level III and IV field offices that can demonstrate that major regional drug organizations are active in their territory and that these groups have a definable nexus to major domestic or international drug trafficking groups. Major regional drug trafficking organizations operate on a multi-jurisdictional scale and maintain direct connections to internationally-based drug organizations responsible for supplying principal United States markets. Many of the national gang organizations and "emerging groups" had their genesis as major regional organizations. Included are such groups as the Los Angeles-based Bloods and Crips, as well as the Jamaican Posses. These gangs are also responsible for much of the violent criminal activities associated with drug trafficking.

Therefore, in 1992, the Department is requesting 51 FBI agent positions for the Regional Action Initiative within OCDETF funding. This enhancement would provide the necessary resources for the FBI to increase its investigative commitment to OCDETF's comprehensive attack against drug trafficking organizations in the smaller, non-Level I and II cities. These resources would assist in ensuring the FBI's presence in middle America where major drug trafficking problems are present.

GAO Report on INS Management

QUESTION: A GAO report issued in January of this year was highly critical of the management of the Immigration and Naturalization Service (INS). I know that you are concerned about this and that you appointed a panel to study the management problems at INS. Below are some of the findings of the GAO report. Can you tell the Committee what is being done to address these problems?

> **"Because of poor financial information, INS cannot determine how much has been spent by its units. INS internal records of unexpended appropriated fund balances as of September 30, 1989, differed from those submitted to the Treasury Department by $94 million."**

ANSWER: The $94 million represented unrecorded net disbursements (accounting backlogs). During 1990, this figure was reduced by 28 percent. As of September 30, 1990, the amount of unrecorded net disbursements was $67.8 million.

The recording of transactions is a continual process. The $94 million figure is not a static number. In addition to recording the transactions comprising the $94 million, current activity must be recorded concurrently in the accounting system.

A reprogramming that will provide additional positions necessary to improve the financial management of the Service has been submitted to Congress. The increased staffing level will greatly improve the recording and reconciling efforts.

During 1990 and 1991, increased emphasis has been placed on reconciliations and the recording of prior period transactions, both in the regions and at headquarters. The five Immigration and Naturalization Service (INS) accounting centers have been directed to eliminate the accounting backlogs by September 30, 1991. A specific plan of action is currently being developed to achieve this objective. Detailed instructions have been issued on reconciling INS records with Treasury records. These monthly reconciliations are submitted to headquarters for review, analysis and follow-up.

QUESTION: ". . .INS leadership has not clearly delineated activities among the various enforcement programs. . . . As a result, responsibilities among separate INS enforcement programs have increasingly overlapped, programs have been implemented inconsistently, and enforcement personnel have not been used effectively."

"Three-fourths of enforcement managers questioned by GAO said some of the work done by their unit is duplicated by another INS office."

ANSWER: Clarifying the INS structure and division of responsibilities has been one of the Department's and the Commissioner's major priorities.

Actions to date include the following: A policy to focus Border Patrol resources on the border has been established. A resource allocation model was developed to shift resources to accomplish that goal. The Department is reviewing plans to restructure the operations of Border Patrol and Investigations elements of the INS. We plan to redirect Border Patrol personnel toward achieving maximum control of the United States border. We are also considering whether the Border Patrol and Investigation functions should be assigned both specific geographic and functional areas of responsibility to ensure coordination and to reduce duplication of efforts. We are also developing revised mission statements for the Border Patrol and Investigations Divisions to clarify their respective roles and eliminate overlap.

QUESTION: "GAO found that despite a large increase in funds from user fees for adjudications and inspections, INS has not taken sufficient actions to address service delivery problems."

ANSWER: Congressional actions taken to establish the Immigration User Fee Account and the Immigration Examinations Fee Account were clear statements regarding the desire to improve service to the public in a wide variety of areas. The Department fully supports these goals and is taking aggressive steps to improve service delivery through the effective use of these fee resources. The findings in the GAO's report are being considered carefully in the context of the INS's on-going resource management efforts. At the same time, careful adjustments in operations have been necessary to ensure that improvement efforts remain within available resources. These activities have been somewhat affected by external factors such as the national economy and the war in the Persian Gulf.

Under the Examinations Fee Account, continuing efforts to address backlogs in the adjudication of applications for immigration benefits include the operation of Service Centers and the implementation of the direct mail program which, when fully implemented, will improve application flow and reduce processing times. This approach allows applicants for immigration benefits to mail their applications to the INS Service Centers where processing is carried out by personnel who are not subject to frequent interruptions of their work. As resources allow, additional personnel will be added to increase processing activities and reduce backlogs to acceptable levels.

Under the Immigration User Fee Account, the Service has made progress in efforts to increase staffing at airports with immigration inspection delays. The establishment of the 45-minute inspection standard coupled with the availability of increased resources will result in significant improvements for the travelling public. Significant progress will be made in this area through the use of improved techniques in the assessment of resource needs and in continuing efforts to recruit for and fill available inspector positions for the airports.

Aging Population

QUESTION: Aging inmates are among the fastest growing segments of the prison population, bringing what many experts consider to be a crisis in health care for older inmates. Heart bypass operations, CAT scans, dental surgery, and other expensive medical procedures are all expected to increase as the number of elderly inmates increases.

What percentage of inmates in the Federal Prison System are over 60, and how has that changed in the past 10 years?

ANSWER: The percentage of inmates in the Federal Prison System over 60 years of age has steadily increased from 1.8 percent in 1980 to 2.3 percent in 1990. Due to unhealthy life styles, such as drug abuse, smoking or failure to receive basic medical care, the physical health status of inmates may be 10 to 15 years older than their chronological age would indicate. Using age 50 as the benchmark, the aging population is significantly higher, increasing from 6.6 percent of the total Federal Prison System population in 1980, to the present level of 9.7 percent in 1990.

QUESTION: What provisions are being made by the Federal Prison System to handle the health care needs of an increasing number of elderly inmates?

ANSWER: The Federal Prison System plans to increase the available medical bed space to approximately 3,800 beds from the current 1,700 beds. A portion of this increase will include approximately 200 long-term care beds at Carville, LA, 350 chronic-care beds at Fort Worth, TX, and approximately 700 medical beds at Butner, NC.

Additionally, a managed care approach to inmate health care needs is being developed. Through this approach, inmates needing care will be matched within security requirements to those facilities that are best able to meet their anticipated needs. Medical high risk inmates will be designated to medical centers or to facilities with appropriate community linkages.

QUESTION: Are facilities being adapted in any way to deal with this change in the prison population?

ANSWER: All new facilities are handicapped accessible. Bureau of Prison medical and facilities management staffs work closely to insure that the design of future health services units includes increases in space to deal with the aging population. The Health Services Units' scope of services is also being expanded to meet the rising demands.

Prisons - Security Levels

QUESTION: The Federal Prison System is changing its security level designations, from levels 1 to 6, to four levels: minimum, low, medium, high.

What benefits will be derived from changing the security level designations?

ANSWER: The Bureau's original security level designations (levels 1 - 6) were intended to accurately reflect differences in security available at the Bureau's many facilities; however, the distinctions between the levels (for example, between a level 2 and 3 facility or between a level 3 and 4 facility) were frequently very slight. This led to population imbalances and public confusion, making the program more difficult to manage.

The new system, creating broader ranges of institutions which are described in terms more easily understood by the public (minimum, low, etc.), will assist us in making more realistic institution assignments and better managing the rapidly-expanding population. By placing institutions with different, but similar, security features in the same categories, we will have more flexibility in inmate assignment, allowing better population balance. The new terms will make the system easier for the general public and inmate population to understand.

Finally, the new system recognizes the many significant changes which have occurred in law enforcement and incarceration since the original system was developed. The Comprehensive Crime Control Act of 1984, the Sentencing Guidelines, drug initiatives and increasing confinement of very sophisticated offenders have caused us to redesign the system to reflect the realities of current correctional philosophy more accurately.

QUESTION: Will this affect how inmates are assigned to prisons?

ANSWER: This will affect how some inmates are assigned to prisons. To properly classify inmates who present extraordinary classification concerns that are not reflected elsewhere in the Bureau's policy, we have added the "Public Safety Factor" designation. This is designed to identify the large-scale drug offenders, inmates with substantial monetary and organization resources, and similar cases and ensure that they are placed in facilities which can adequately meet their supervision requirements. Prior to the increasing sophistication in the prisoner population, such additional classifications were rarely necessary, and this change may affect some inmates. However, most inmates will not be adversely affected by the changes.

QUESTION: What impact will this change have on plans for new construction?

ANSWER: Construction and expansion plans were based on a recognition of the realities of the factors mentioned above; therefore, the revised system will confirm, rather than change, the need for previously identified projects and will make more accurate assessments of new projects possible.

Operation SNOWCAP

QUESTION: What is the status of Operation SNOWCAP?

ANSWER: Operation SNOWCAP continues to function as the primary law enforcement program aimed at disrupting the flow of cocaine from its source in South America. Currently, Drug Enforcement Administration (DEA) agents serve as law enforcement advisors on SNOWCAP teams in Bolivia and Peru.

In Bolivia, DEA agents, United States Border Patrol agents and United States Coast Guardsmen serve in an advisory and support task force. This task force assists Bolivian law enforcement agencies in a three-tiered interdiction operation that includes land, air, and riverine elements. Cooperation among United States and Bolivian authorities is evidenced in the recent intelligence gathering efforts between United States and Bolivian law enforcement that led to the dismantling of a major cocaine trafficking organization by Bolivian/SNOWCAP teams.

In Peru, a team of DEA agents work with Peru's Guardia Civil Counternarcotics Police in interdiction efforts throughout the Upper Huallaga Valley. The agents are situated with their Peruvian counterparts at a forward operating base at Santa Lucia, located in the center of the Upper Huallaga Valley. Although rampant inflation and internal tensions between the police and the military have impeded the Peruvian Government's narcotics control efforts, we continue to work with the Peruvian Government in intelligence collection and operational support from the Santa Lucia base.

Currently, SNOWCAP operations in Bolivia and Peru have moved away from paste production to focus on base production targets. In accordance with the President's Andean Strategy, SNOWCAP tactics have shifted away from focusing only on cocaine production and have moved to an emphasis on criminal enterprises in Bolivia and Peru.

QUESTION: Can you provide for the Committee the numbers of agents assigned to the project?

ANSWER: We currently have 41 DEA special agents assigned in Bolivia. Of these, 13 serve on a 90-day temporary assignment in direct support of SNOWCAP, while the remaining 28 agents are permanently assigned to DEA's country and resident offices in Bolivia and offer intelligence support to SNOWCAP operations. In addition, 4 Border Patrol agents and 5 Coast Guardsmen support SNOWCAP operations in Bolivia.

In Peru, 24 DEA special agents are assigned, of which 8 are temporary SNOWCAP personnel, and 16 are assigned to the country office.

QUESTION: What has been its impact on the flow of cocaine entering the United States?

ANSWER: We believe that certain indicators, such as the wholesale price and purity of cocaine, are reliable indicators, not of total success, but of disruption in the cocaine trade through the availability and the cost of transporting cocaine. Changes in the price and purity of cocaine have affirmed, at least temporarily, that serious market disruptions have taken place.

Since 1987, SNOWCAP operations have resulted in the seizure of more than 2,000,000 non-liquid chemicals and 1,000,000 liters of liquid chemicals. In 1990 and the first quarter of 1991, 159 cocaine base laboratories were destroyed in Peru, 18 cocaine hydrochloride laboratories were destroyed in Bolivia, and 424 violators were arrested as a result of SNOWCAP operations. Such accomplishments affect both the availability and cost of transporting cocaine to the United States.

Federal Prison System

QUESTION: The 1992 request includes $268.8 million for construction of new prison facilities. How will these resources be used?

ANSWER: The request for capacity expansion includes $178,000,000 for a new Federal Correctional Complex in California for 2,350 sentenced Federal offenders. The remaining $90,850,000, in addition to an anticipated transfer of $46,000,000 from the Special Forfeiture Fund, will be used to build a 750-bed Federal Detention Center in Philadelphia, PA, and a 500-bed Federal Detention Center near Houston, TX.

QUESTION: What is the current rate of overcrowding in the Federal Prison System?

ANSWER: As of May 6, 1991, the rate of overcrowding in the Federal Prison System is 60 percent.

QUESTION: What is being done to reduce overcrowding?

ANSWER: Funds currently appropriated for the construction of new prisons, the acquisition of surplus facilities for conversion to minimum security camps, and the expansion of existing institutions will add about 32,400 beds when completed.

Under construction are two Federal Correctional Complexes at Allenwood, PA and Florence, CO. Additionally under construction are four medium security Federal Correctional Institutions with camps (Minersville, PA; Estill, SC; Manchester, KY; and Cumberland, MD) and a Federal Detention Center in Guaynabo, Puerto Rico.

Further, the Bureau of Prisons either has in design or is considering sites for four additional complexes (Butner, NC, located at the site of the current Butner facility; Beaumont, TX; Orlando, FL; and Ohio); four Federal Correctional Institutions with camps (Pekin and Greenville, IL; Taft, CA; and Beckley, WV); and four Metropolitan Detention Centers (Miami, FL; Brooklyn, NY; Washington, DC; and Seattle, WA).

As mentioned above, we are also requesting funds in the 1992 request to construct an additional 3,600 beds. Current projections indicate that continued support of the President's plan in 1992 would reduce overcrowding to 32 percent by 1995.

QUESTION: What is the status of the Oakdale II expansion project?

ANSWER: The current Oakdale II expansion project is 65 percent complete. The anticipated completion date is September 30, 1991.

QUESTION: Why does the 1992 request include such a large increase for Modernization and Repair ($83.4 million)?

ANSWER: The Bureau of Prisons must provide a safe and humane environment for its staff and inmates. This includes the necessity of providing facilities that are adequately maintained and equipped to accommodate the inmate populations residing within them and the staff that manage them. The Bureau of Prisons must ensure that its facilities are free of hazardous wastes, meet life safety standards, and provide uninterrupted utility service. In addition, we are obligated to protect the taxpayers capital investment. High levels of overcrowding, coupled with the aging of many of the institutions (over 50 percent of the Federal prisons are over 30 years old, the normal expected useful life of buildings without major renovation and repair) are compromising the modernization and repair program.

To provide for an adequate modernization and repair program, the 1992 budget includes an increase of 46 positions and $83,395,000.

Office of Policy Development

QUESTION: The Office of Policy Development was established in 1989. Its stated purpose is to develop and coordinate Departmental policy initiatives and to review other Executive Branch policy proposals. Previously its functions were performed by the Office of Legislative Affairs and the Office of Legal Counsel. Now news reports state that recent personnel changes were made ". . . as part of an effort to make the office more like a think-tank, somewhat removed from departmental operations."

What is the purpose of the Office of Policy Development? Why is it necessary to have a separate Office of Policy Development? What function does this office serve that could not be fulfilled by the Legal Counsel and Office of Legislative Affairs staff?

ANSWER: The Office of Policy Development (OPD) was created in November 1989, to address the need for improvements in the development, coordination and support of the Department's policies. Thus, three general areas of responsibility were established: policy development, policy coordination and policy support. These functions represent a broad spectrum of activity, and yet, OPD's various tasks are not duplicative of efforts by other components of the Department. Prior to OPD's existence, some of its responsibilities were performed by the Office of Legal Policy and the Office of Legislative Affairs (OLA). No OPD functions were previously performed by the Office of Legal Counsel.

Development: OPD is assigned the task of assisting in the generation and development of policy ideas and concepts. Through the research and analysis by OPD staff and in consultation with experts throughout the Department and the Executive Branch, OPD seeks to advance the goals of the President and the Attorney General. This work frequently takes the form of legislative initiatives, study papers and other policy memoranda. The recent changes within OPD are reflective of the need to expand efforts associated with this development function. The plan is to streamline OPD's other duties so that the office many engage in more projects involving long-term analysis and planning.

Coordination: OPD is responsible for coordinating the review of policy initiatives originating within the Department, as well as those being proposed by other departments and agencies of the Executive Branch. This coordination of views also pertains to pending legislation. In addition to assisting the components in developing their initiatives, OPD strives to ensure that the ideas of different components are consistent with each other. OPD's role is not to provide legal advice; that is the responsibility of the Office of Legal Counsel.

The responsibility of coordinating comments for clearance of initiatives by other departments or agencies is quite demanding. During the 101st Congress, the Department responded to over 6,300 requests for its views. These requests must be carefully coordinated to ensure that the appropriate individuals within the Department provide useful information and comments to the review process. Prior to fiscal year 1991, the assignment, coordination and review functions associated with these requests were performed by OLA. This was shifted to OPD to permit the reduction in the size of OLA mandated by the 1991 appropriations bill.

Support: OPD is charged with the responsibility of producing materials for the purpose of preparing the Attorney General and other Department officials for various public appearances. In these efforts, OPD works closely with the Attorney General's staff, and is frequently called upon to review policy pronouncements for accuracy and clarity.

Debt Collection

QUESTION: The Justice Department is responsible for collecting delinquent non-tax debt owed the Government. I understand that as of September 1989, civil debt referrals totaled around $6.6 billion. In the past, concerns have been raised that the Department is lacking a system to track the amounts referred to the United States Attorneys that are still in process or litigation -- in other words, amounts that have not been collected.

Does the Department currently have in operation, or in the development process, an automated debt case-tracking system to monitor and consolidate debt referrals to the United States Attorneys?

ANSWER: Yes. The success of the Central Intake Facility concept in the private counsel pilot project led to its implementation on a nationwide basis.

Beginning on October 1, 1990, agencies no longer refer debts under $200,000 directly to the United States Attorneys for enforced collection via litigation. Except where the debtor has already filed for protection under the bankruptcy laws, all such debt referrals, under the Federal Claims Collection Standards, 4 C.F.R. Parts 101-105, are sent to the Department's Nationwide Central Intake Facility (NCIF) instead of directly to the United States Attorneys.

This has enabled the Department to begin accumulating in 1991, a single, central, automated data base of such debts and should enable the Department to reconcile with the referring agencies the number and dollar value of new referrals.

This NCIF data base should also enable the Department to provide the referring agencies with reports on the debts referred, the litigating office handling the debt, and information on the disposition of closed debts.

The Department is developing comprehensive, Department-wide plans for prioritizing, managing, and monitoring debt collection activities. This system will become part of the Department-wide case management system.

QUESTION: Are these plans in place?

ANSWER: The Department's debt collection program coordinator, Associate Deputy Attorney General Timothy Murphy, is reviewing a second draft plan that was completed before May 1, 1991. Comments from Department offices are being incorporated into a third draft. We anticipate that a final draft will form the plan to be submitted shortly for review by the Deputy Attorney General. We further anticipate continual updating and refinement of the plan; we view the debt collection management plan as a dynamic document.

Chemical Diversion and Trafficking Act

QUESTION: You are requesting an increase of 36 positions and $3 million to continue implementation of the Chemical Diversion and Trafficking Act of 1988. This legislation calls for greater regulation and control over precursor chemicals. Can you report on DEA's implementation of this Act?

ANSWER: The Department is aggressively pursuing implementation of the Chemical Diversion and Trafficking Act (CDTA). Diversion of essential and precursor chemicals is being targeted not only domestically, but also internationally.

To date, the United States has entered into bilateral chemical agreements with Peru (5/16/90), Bolivia (2/25/90), Panama (5/1/90), and Colombia (2/25/91). A similar agreement with Ecuador has been negotiated (9/18/90) and is awaiting final approval.

Evidence clearly shows that Europe, and particularly the Federal Republic of Germany, has now become the main source of chemical imports for Colombia. As a result of a combined campaign of evidence collection and technical diplomacy, the European Community (EC) has recently passed a regulation to discourage the diversion of certain chemicals used in the illicit manufacture of narcotic and psychotropic substances. This resolution must be implemented by each EC member nation by July, 1991.

The Department has been instrumental in organizing the G7 Chemical Action Task Force, an international body convened after the Houston Economic Summit to address controls on commerce in precursor and essential chemicals used in manufacturing illicit drugs.

The Department was instrumental in preparing the Organization of American States Model Chemical legislation. DEA is currently working with Interpol and the Organization of American States to discuss the adoption of this model by Caribbean nations.

QUESTION: How successful has DEA been in preventing the diversion of precursor chemicals to drug manufacturers?

ANSWER: From 1988 to 1989, the amount of cocaine-essential chemicals imported by Colombia from all sources more than doubled. However, during this same period, United States exports of these chemicals decreased from 7,933 metric tons to 6,912 metric tons.

In 1988, prior to implementation of the CDTA, Colombia received approximately 55 percent of cocaine essential chemicals from the United States. In 1990, Colombia received less than 15 percent of cocaine essential chemicals from the United States.

As a result of DEA investigations, 60 percent of Colombian customers' requests for United States chemicals have been denied. This has resulted in a 45-percent reduction in chemical exports to Colombia.

DEA has denied regular customer status for 65 foreign consignees and has suspended numerous attempted United States chemical exports to Latin America.

Enforcement of the CDTA has also proven to be one of the major forces affecting the number of clandestine laboratories seizures each year. Clandestine laboratories seizures had been steadily increasing since 1982, to an all time record of 807 in 1989. In 1990, the number of clandestine laboratories seized dropped to 549.

INS Inspection User Fees

QUESTION: Last year, we revised the immigration user fee provision by ensuring that all passengers arriving aboard a commercial aircraft or vessel would be subject to the fee, including those passengers arriving from Mexico, Canada, and the territories. The purpose was to provide additional resources to the Immigration and Naturalization Service to allow them to expedite the processing of international passengers. In response to concerns of excessive passenger processing delays, often in excess of 2 hours, we also set a target of requiring that all passengers arriving in United States air terminals be cleared by INS within 45 minutes.

What is being done to improve the inspection process at air and sea ports of entry?

ANSWER: INS Commissioner McNary has made improved facilitation of visitors to this country an INS priority. In support of this goal, the INS is aggressively striving to improve the quality and timeliness of inspectional processes by providing additional resources and improved methods where needed. At the start of 1991, INS established a goal of filling 200 vacant and 450 new inspector positions at air and sea ports. The Service launched an extremely aggressive and effective recruitment campaign to accomplish this goal and successfully recruited 331 candidates.

However, the gradual military build-up and outbreak of the Gulf War had a significant impact on normal INS operations. Foreign travel, especially to and from Europe and the Middle East, operated at significantly reduced levels. This situation forced INS to monitor fee revenues constantly and to take appropriate steps to adjust operating plans accordingly. Recruitment activities were limited to ensure that INS filled only those positions for which funds were available.

The Department now believes, based upon airline industry data, that foreign travel will increase to anticipated levels during the last half of this fiscal year. As a result, INS is again aggressively acting to fill remaining authorized positions.

In the interim, District Directors and local managers have a variety of options available to them to meet operational needs, including scheduling Immigration Inspectors to accommodate peaking patterns at airports. Judicious use of other than full-time Immigration Inspectors and inspectional overtime are intended to continue to supplement available full-time permanent staff until such time as trained permanent Immigration Inspectors are available for assignment.

Finally, INS will continue to improve the inspectional process through maintaining and improving liaison with the transportation industry and through providing increased funding for automated systems. INS is committed to an expansion of pre-flight inspection into high-volume low risk locations. The Visa Waiver Pilot Program will be expanded to permit the designation of additional participating countries.

Expansion of the Interagency Border Inspection System, which involves the deployment of automated equipment, including document readers, permits access to a multi-agency record system. Future directions will include the electronic capture of arrival and departure information, allowing for a paperless inspection. To accomplish the objective of processing passengers in a fully facilitative manner, we support the use of the database in conjunction with the Advance Passenger Information System. This system will eventually permit elimination of database queries at ports of entry.

QUESTION: Will we be able to meet the 45-minute guideline?

ANSWER: It is too soon to speculate whether the 45-minute standard can be achieved in all situations every day. Delays may be caused by a combination of excessive workload, flight peaking, flight origination, the airport physical plant, and weather patterns.

In some cases, airport design problems pose a major barrier to reducing the time required to inspect arriving passengers. Some airports that have experienced considerable traffic growth have a limited number of lanes for immigration inspections. The delays which result from this type of problem can only be addressed through the redesign and/or expansion of the airport itself. There are also airports in which the Customs Service inspection facility is physically located before the immigration inspection facility in the airport. This results in delays in completing the inspection that are beyond INS's control.

To lessen the possibility that INS staffing will be seen as the cause for delays in the future, staffing will be augmented on a port-by-port basis to meet operational needs to the extent permitted by available user fee revenues.

A significant effort has been initiated to achieve the 45-minute standard. Needed techniques differ port-to-port; however, INS is pursuing: (1) additional inspectional resources, especially at high volume air and sea ports; (2) revision of resource allocations to meet changing traffic patterns; (3) use of temporary employees and/or overtime to handle peak periods; (4) improved automation to speed the inspectional process; (5) expanded pre-inspection; and, (6) improved scheduling to ensure that Immigration Inspectors are available when passengers arrive in the United States.

FBI Fingerprint Identification Center

QUESTION: As you know, this Committee has supported appropriations for a new FBI Fingerprint Identification Center. This morning's Washington Post reports on a finding by the House Judiciary Subcommittee on Civil and Constitutional Rights that the FBI paid too much for the site purchased in West Virginia. Would you care to comment on the article which appeared in today's paper?

ANSWER: The purchase price of the FBI Identification Division site on January 31, 1991, was $3.5 million for 986 acres, or approximately $3,500 per acre. The property is adjacent to Interstate 79, the major north-south highway for the State of West Virginia. The site is accessible from two existing exits. There are about 338 acres of prime acreage which can be developed. Major portions of the remaining land are also potentially suitable for development. Other portions will be used for road access and other site requirements. Some areas are relatively flat due to reclamation from discontinued strip mining, thus saving substantial costs of new grading, in particular for parking.

The land around the perimeter of the site is a natural security barrier and, as such, will allow the FBI to maintain the high ground, saving otherwise necessary expenses for fencing, barrier construction, and other security measures needed for such a facility.

The site was appraised by three professional certified appraisers knowledgeable as to land values in Harrison County, West Virginia. The average of the three appraisals was $5,740,469, or about $5,700 an acre. The average purchase price was about $3,500 an acre, for a total of $3.5

million and nearly $2.2 million under the averaged appraisals.

The purchase was reviewed by several different components of the Department of Justice for all aspects of title, including acreage, subsurface mining, mineral rights, land value, and other considerations.

QUESTIONS SUBMITTED BY SENATOR MARK O. HATFIELD

Detailed Employees

QUESTION: It is my understanding that the Department has a number of employees detailed to other agencies within the Executive Branch. Could you please explain to the Committee how many people are detailed and why they are needed?

ANSWER: At the present time, the Department has 49 employees detailed to other organizations within the Executive branch and 12 employees detailed to the Legislative branch (House Committee on Appropriations). Those employees detailed to other organizations are working on projects or matters of mutual interest to the Department and the organization to which the employees have been detailed. Under existing Department policy, all requests to detail employees to organizations outside of the Department for more than 30 days must be approved by the Deputy Attorney General.

Retention Bonuses for Attorneys

QUESTION: Under General Administration, you have requested an increase of $2 million for the purpose of paying retention bonuses to the Department's litigation attorneys. Could you please describe the basis upon which these bonuses would be distributed, what amounts the bonuses would be, and the salary range and average of the attorneys who would receive them?

ANSWER: The retention allowances would be targeted to General Schedule attorneys with 5 or fewer years of service whose performance is above average and who have qualifications or expertise essential to particular areas of litigation or legal case work for which the Department would have difficulty recruiting or training replacements and whose loss would be disruptive to the Department's litigation posture. Retention allowance percentages and rates would be fixed at amounts which would permit us to be more competitive with private sector practices while maintaining internal pay equity and relationships with attorney positions that are outside the targeted population.

Attorneys in the targeted population are in the grade GS-13 to GS-15 range, currently paid from $44,348 (minimum rate for GS-13) to $80,138 (maximum rate for GS-15). Figures for 1990, comparing salaries for Department attorneys with 3, 5 and 8 years of service with those for private sector attorneys in Washington, D.C. and the three cities eligible for the 8-percent interim geographic adjustment authorized under the Federal Employees Pay Comparability Act of 1990 are attached. They show the median income for Department attorneys with 3 years of service was $42,601 and for those with 5 years of service, $46,861.

COMPARISON OF DOJ ATTORNEY SALARIES (GS)
*TO AVERAGE PRIVATE SECTOR ATTORNEY SALARIES**

YEARS OF SERVICE	DOJ (MEDIAN $)		WASH D.C.	% DIFF	N.Y.	% DIFF	L.A.	% DIFF	S.F.	% DIFF
3	$42,601	Law Firms	$52,000	(22)	$69,000	(62)	$57,000	(34)	$51,000	(20)
		Corporate	53,000	(24)	59,000	(38)	53,500	(26)	52,000	(22)
5	46,861	Law Firms	68,500	(42)	79,000	(69)	64,000	(37)	59,000	(26)
		Corporate	56,500	(21)	70,000	(49)	65,000	(39)	62,000	(32)
8	58,974	Law Firms	82,000	(39)	90,000	(53)	77,500	(31)	73,000	(24)
		Corporate	70,000	(19)	86,000	(46)	73,500	(25)	75,000	(27)

* Private sector salaries from "The 1990 Annual Attorney Salary Survey
By David J. White & Associates, Inc.

Effect of a 6-Percent Increase

QUESTION: Mr. Thornburgh, for 1992, it is expected that most appropriations subcommittees will receive in the area of a 6-percent increase, yet your budget requests a substantially larger increase. If the Department were allocated only the 6 percent, as will be the case with many agencies, what programs identified for increases in your budget would you not increase and why?

ANSWER: The Department's 1992 budget request represents a 14-percent increase in overall budget authority and a 16-percent increase in direct authority over the 1991 enacted level. If the Department were allocated only a 6-percent increase over the 1991 enacted level, the current operations would be continued at the base level, but most critical program increases would be unfunded.

The Department would be able to fund approximately one fourth of its program increases, and because of the critical need for prisoner detention and incarceration, these program increases must be funded first. Specifically, this allowance would provide for the projected increase in the inmate population; the activation of new facilities; detention costs, especially to care for Federal prisoners by providing additional jail days and funding increased guard and medical expenses; expansion of contract confinement; and some portion of new prison construction costs. All other program increases would not be funded. Unfortunately, those initiatives that would be unfunded are the Administration's, as well as the Department's, highest priorities after meeting the essential detention needs. Theses priorities are to curb the war on drugs, eliminate international money laundering, stop white-collar crime, wipe out public corruption, bring to justice those who are guilty of financial institution fraud and environmental crimes, enforce civil rights laws, render foreign hostile intelligence forces ineffectual, and investigate, detain, prosecute, and incarcerate those individuals committing these illegal acts.

The Department's request represents a substantial increase in resources during a time of significant Federal budget difficulties. However, to continue our commitment to fighting crime, in the streets and in the suites, such an increase is critical.

10-Year History of Appropriations

QUESTION: Your Department's budget has grown substantially over the past 10 years, yet in spite of these increases, the crime and drug problem, particularly in my part of the country, has not substantially declined. Could you please detail your dollar and percentage increases over the last 10 years, and briefly discuss why a correlation cannot be made between increases in your Department and decreases in the crime and drug problem?

ANSWER: The following chart depicts the Department's resources (both appropriated and fee-funded) over the last 10 years:

Year	Amount	Percent Increase
1992 (est.)	$10,577,839	14%
1991 (est.)	9,287,631	5%
1990	8,838,829	32%
1989	6,689,639	25%
1988	5,352,997	6%
1987	5,050,227	25%
1986	4,035,575	7%
1985	3,787,044	10%
1984	3,456,109	14%
1983	3,036,799	15%
1982	2,621,180	12%

The crime and drug problem in our nation is a complicated problem that cannot be solved overnight -- it takes time. While it is local authorities who are ultimately responsible for most law enforcement statutes, the Federal Government has a large role to play in getting career criminals off the streets, investigating, prosecuting and incarcerating members of high level drug trafficking organizations and assuring that more serious Federal offenders serve longer prison sentences. We are, and have been, working together to do a better job of identifying and understanding the major, long-term problems of our society, and of planning, coordinating and implementing solutions to those problems.

As depicted in the above chart, the Department has received increases over the past 10 years, but it must be noted that a large amount of the Department's appropriations have been for prisoner detention and incarceration -- the final result in combatting crime and the drug problem.

Our efforts to combat crime and the drug problem have not been in vain. Although, there are some contrary indications, we have seen a general downward trend in the area of crime and drug use. Data from the 1990 Household Survey indicate that current drug use has decreased by 11 percent, and the National Crime Survey indicates that there has been a downward trend in the crime area. For example, personal and household crime in the United States fell by almost 3 percent, or 1 million offenses, last year.

Automated Data Processing (ADP)

QUESTION: Your budget request contains significant increases in a variety of divisions for ADP. Has an assessment of the long-term computer needs of the Department been conducted and can the requested new systems be expanded and upgraded to meet future needs?

ANSWER: The Department has been conducting on-going assessments of it computer needs and has an established, highly structured, Department-wide management program to support this effort. This program includes the issuance of a Department Strategic Plan for Automated Information Systems (AIS). This plan is updated on an annual basis and on December 20, 1990, the Assistant Attorney General for Administration signed the current Department of Justice's Strategic Plan for AIS. This plan identifies strategic requirements and goals to support Department-wide information technology activities and initiatives. In addition, Departmental components are responsible for the development of their respective AIS strategic and tactical plans. In support of the Department's information technology programs, the Department currently has requirements to support both existing systems, i.e., the Bureau of Prisons' SENTRY System and the conversion/implementation to the Federal Telecommunications System; and, for the exploration and development of new automated systems, i.e., the establishment of a Department-wide Case Management System and Asset Forfeiture Tracking System and, within the Federal Bureau of Investigation, the development of the National Crime Information Center 2000 System and the Integrated Automated Fingerprint Identification System. In addition, the Department has been coordinating extensive efforts within the counternarcotics information community. Efforts are underway to develop a counternarcotics information architecture that will identify resource and funding requirements to support proposed counternarcotics information technology activities and initiatives.

Overall, the Department has and will continue to assess long-term technology and information resource requirements through its established AIS management program. Current planning endeavors include the establishment of standards that will permit interoperability and expansion within the Department and the integration and absorption of new technology.

Increases Resulting from New Legislation

QUESTION: How many of the new positions and how much of the new funds identified in your budget are necessary as a result of authorizing legislation enacted last Congress (Americans with Disabilities Act, Clean Air Act, etc.)?

ANSWER: The Department's 1992 budget request includes several initiatives that result from recently-enacted authorizing legislation. Funding is included in the 1992 budget to address some of the requirements found in the Crime Control Act of 1990, which amend the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA). The Federal Bureau of Investigation (FBI) request includes investigative resources totaling $17,307,000 to fund 221 positions and 110 workyears. The request for the United States Attorneys and the Criminal Division also includes $386,000 and $902,000 respectively, for automated litigation support expenses and other purposes.

The FBI request contains 50 paralegal specialists and $1,902,000 in the 1992 budget request to address increased forfeiture-related authorities provided to the FBI in the Comprehensive Crime Control Act of 1990. This Act expanded the FBI's ability to seize and forfeit property in FIRREA investigations as well as investigations involving other types of fraud.

Increases are requested to implement the audited financial statement requirement of the Chief Financial Officers Act of 1990. This includes $1,475,000 and 4 positions for the Office of Inspector General, and $5,125,000 and 23 positions for the Department's Finance Staff.

Another notable initiative is the Department's effort in support of the Americans with Disabilities Act of 1990, P.L. 101-336. Included in the Civil Rights Division's budget is a total of $2,345,000 to fund 36 positions and 18 workyears. The requested funding will be used for litigation, enforcement coordination, complaint investigations, compliance reviews, and technical assistance.

Funding is also requested to address the requirements of the recently-enacted Radiation Exposure Compensation Act. The Civil Division's 1992 budget includes a total of $1,985,000 to fund 17 positions and 9 workyears for publicity, claims review and adjudication, and litigation.

The recently-enacted Clean Air Act Amendments and the Pollution Prosecution Act, P.L. 101-593, will require additional resources in the Environment and Natural Resources Division. While not shown separately in our 1992 budget request, a good portion of the Environmental Protection request, totaling $3,858,000 and 37 positions and 19 workyears, will be used to address the workload associated with new legislation.

Due to the enactment of the Federal Judgeship Act of 1990, which authorized 85 new Federal judgeships, the United States

Marshals Service requires an increase of 128 Deputy United States Marshals and $14,484,000. Of this amount, $4,070,000 is to construct 74 new courtroom holding cells.

The Immigration Act of 1990 results in a requirement of 120 positions and $5,983,000. This includes 60 positions (20 immigration judges and 40 support positions) and $3,100,000 for the Executive Office for Immigration Review. The 1992 request for the Immigration and Naturalization Service (INS) contains resources in the Legal Proceedings program for implementation of the Immigration Act of 1990. The increase in immigration judges authorized for the Executive Office for Immigration Review must be matched by an increase in immigration attorneys, support personnel and operational resources in order for the new judges to carry out their statutory functions, particularly as they relate to the expeditious deportation and removal of criminal aliens from the United States. The 1992 budget includes 60 positions and $2,883,000 to support the new immigration judges.

Increases for United States Attorneys

QUESTION: Increases of 151 positions and $32.7 million and 182 positions and $18.2 million are requested for the Criminal Litigation and Civil Litigation programs respectively. While it is clear what these divisions do, could you please explain what impact you hope to make with these increases?

ANSWER: For the Criminal Litigation program, the request will provide 33 positions, (15 Assistant United States Attorneys and 18 support), and related dollars to support white collar crime prosecutions involving the environment. These resources will ensure that the United States Attorneys can address major criminal violations of environmental law adequately.

The District of Columbia has been notoriously dubbed "the murder capital of the country" because it has the highest per capita murder rate in the nation. Fifty-eight positions (19 Assistant United States Attorneys) and related costs are requested for District of Columbia Superior Court prosecutions to respond to the continuous wave of drug-related homicides and other violent crimes committed in the District.

The United States Attorneys have been called upon to investigate and prosecute the growing number of non-traditional organized crime groups, including Asian gangs, Jamaican posses, and other ethnic groups, motorcycle gangs, and domestic gangs such as the Crips and the Bloods. The increasing caseload generated by these groups will be alleviated partially if the requested increase of 25 positions (13 Assistant United States Attorneys) is provided.

Recently, individuals and groups exploiting prejudice against people based on race, religion, ethnicity, and sexual preference have reemerged. Additionally, there also must be an effective deterrent and punishment for governmental abuses (e.g. police brutality) of civil rights. The request for the

United States Attorneys includes 35 additional positions (20 Assistant United States Attorneys) for prosecution of these civil right violations.

Funding is also requested (60 workyears and $12,853,000) to support the recently announced violent crime task force concept. These task forces will be based on a successful model in Philadelphia, Pennsylvania.

Civil resources must be allocated first to defending suits filed against the Government. Thus, affirmative litigation remains an untapped resource of revenue. The request for 36 positions (18 Assistant United States Attorneys) represents a new thrust by the United States Attorneys to increase the recovery of monies owed to the government.

Defensive litigation is increasing in the areas of prisoner petitions, medical malpractice, and Bivens cases. In addition, because offices must defend the government in each of the numerous cases referred by client agencies, we cannot control the volume of cases that must be handled. Thirty-six additional positions (18 Assistant United States Attorneys) are requested to stem the rising caseload in this area.

While there has been tremendous growth in the number of prosecutors and investigators Department-wide, there has not been a commensurate growth in the number of prosecutors and support staff that sue to collect monies owed the Government. Essential to the reduction of a growing caseload is a request for 110 positions (40 Assistant United States Attorneys) to eliminate backlogs and increase collections.

In addition, funding is requested to: provide funding for increased costs of Civil RICO cases; cover increased transcription costs; and fund an increase in the 1991 pay cap for supervisory attorneys.

Seized Asset Management

QUESTION: You are requesting 64 new positions and an increase of $3.2 million for Seized Assets Management. Could you please explain to the Committee how these new positions will be utilized and how revenues from the Assets Forfeiture Fund are used?

ANSWER: The additional positions will augment or create seized asset management units in districts with major seizure activity, thereby allowing the United States Marshals Service (USMS) to:

- accelerate efforts in awarding local and regional contracts for the storage and management of vehicles and real property, which account for more than three-quarters of USMS's non-cash property inventory, in order to ensure these assets are properly maintained;
- conduct contract compliance reviews by Deputy United States Marshals assigned to the program office, to assess

the performance of contractors who provide storage, management and disposal services;

- provide data input and analysis for USMS's inventory and management information system to ensure complete inventory records and better internal control over a large inventory;

- conduct program management reviews of district seized property operations to review the full range of seizure program activities and ensure that established policy and procedures are properly implemented.

Deputy United States Marshals are performing many of the administrative tasks that are required to manage this program. The additional resources being sought will relieve Deputy Marshals of these tasks. This will allow us to reinvest them in the program activities that require their expertise (e.g., compliance reviews, timely service of court orders, and establishing better coordination with the investigative agencies).

The seizure units established within the Marshals Service complement the seizure units organized by the Drug Enforcement Administration (DEA) and the FBI. The primary focus of DEA and FBI seizure units is to target assets subject to forfeiture, then perform the administrative tasks required to perfect forfeiture. The Marshals Service's seizure units are designed to perform the functions necessary to ensure timely disposal after forfeiture. These functions include: pre-seizure planning; obtaining title reports; serving in rem warrants; inventorying; acquiring property management services; preparing case files; data input; contract monitoring, administration and compliance review; determining sales methodology and arranging for sale; conducting settlement; accounting for sale proceeds; and closing case files.

There is not a direct correlation between resources to manage seized assets and income to the Assets Forfeiture Fund. Historically, a large portion of Fund receipts has been generated from cash seizures, which require fewer resources to handle. The increased resources are needed to handle the non-cash seizures, which have increased 78 percent in the past 2 years. In terms of resources, it requires the same effort to handle the management and disposal of a $1,000-vehicle as it does a $20,000-vehicle, yet, in terms of receipts to the Fund, the difference is significant.

Receipts to the Assets Forfeiture Fund are used: to safeguard, maintain, manage and dispose of seized and forfeited assets; for the disposal of toxic and hazardous substances; for the payment of third-party interests, including lienholders and other innocent parties; and for other case-related expenses associated with the properties under custody. Also, equitable sharing payments to foreign, State and local law enforcement agencies are paid from the Fund and are used to promote effective law enforcement. Receipts are also used to pay for program management and investigative expenses, such as forfeiture-related information systems, awards for information, purchase and disposal of evidence, equipping conveyances for law enforcement purposes, contract services to manage the administrative paperwork of the assets under seizure, and other expenses.

After these expenses have been paid, the Attorney General is authorized to retain up to one-tenth of the Fund's obligations in the preceding year for start-up expenses for the following year. From the excess revenues remaining after the start-up expenses are retained, up to $150 million, is transferred to the Office of National Drug Control Policy's Special Forfeiture Fund. In 1991 and 1992, any unobligated balances remaining in the Fund after the transfer to the Special Forfeiture Fund shall be available to the Attorney General to procure vehicles, equipment, and other capital investment items for the law enforcement, prosecution, and correctional activities of the Department of Justice, as authorized in the 1991 Supplemental Appropriations Act.

Felon Identification System

QUESTION: Your budget requests an increase of 487 positions and $12.5 million to alleviate a backlog of fingerprint cards and arrest dispositions so that an accurate and complete data base is available for the implementation of a Felon Identification System. With these new positions, how long will it take to dispose of the backlog and will these positions be terminated or shifted to other areas of the Department once the backlog no longer exists?

ANSWER: In order for the FBI's Identification Division to create an accurate and complete data base, backlogs in all work areas must be addressed. The resources requested would allow the FBI to alleviate the current backlog of fingerprint cards and disposition recording, as well as to begin automation of the 8.8 million criminal history records that are now manually accessed.

The FBI currently has a backlog of 529,690 fingerprint cards. Daily receipts of fingerprint cards are averaging over 32,000 per day. With the current processing capabilities, the backlog is growing by approximately 2,000 fingerprint cards per day.

The backlog in disposition recording is currently over 2,800,000. Daily receipts of dispositions are averaging 8,000 per day. The backlog is growing by approximately 2,100 disposition reports per day. With the personnel requested, the FBI would be able to process the incoming work as required, stop the current rate of growth in the backlog, and eliminate the current backlog within two years.

As the backlogs are eliminated, the employees devoted to these activities would be reassigned to handle daily increases of fingerprint cards submitted as a result of implementation of the proposal system for identification of felons in the sale of firearms.

Juvenile Justice Program

QUESTION: Under the Office of Justice Programs, the Juvenile Justice Program is targeted for a $64.6 million reduction. The explanation states "The Administration believes that in the absence of Federal funding, States currently participating in the program will continue to commit their resources to programs that have proven successful." Additionally, the program requires a 50-percent "hard cash" local match. Does this reduction assume that cities will make up for the loss in Federal funding or that the problem areas previously receiving Federal funding will continue to decrease or stabilize?

ANSWER: Since 1975, over $1.2 billion has been invested in the Juvenile Justice programs by the Federal Government. The major thrust of the Juvenile Justice program has been to attain deinstitutionalization of status offenders, the separation of juvenile offenders from adult offenders at the State and local levels, and the removal of juveniles from adult jails and lockups. Over the past 17 years, considerable progress has been made in achieving these objectives. For example, 51 of the 56 States and territories participating in the formula grant program are in full compliance with the deinstitutionalization mandate and 42 are in either full or substantial compliance with the jail removal requirement. The General Accounting Office recently reported that, in the aggregate, States achieved a 95-percent reduction in detaining status offenders after joining the program.

The formula grant funds provided to each State were never intended to maintain the juvenile justice systems in each State, and the majority of funding is provided at the State level. It is believed that the States will continue to pick up the costs of successful programs after the requested $64.6 million reduction in Federal funding takes effect.

Infrastructure for Staffing Increases

QUESTION: The Department has requested a total of 5,762 new positions. Are adequate training, office and other necessary facilities in place to accommodate this increase in staff?

ANSWER: Training requirements, as well as office and other facilities, are incorporated in the planning for each new position requested in our budget. However, DEA's training needs cannot be met at the FBI Academy without some expansion and construction. The current Department of Justice proposal to accommodate the training needs of the FBI and DEA for the 1990's allows for consolidation of DEA training at the FBI Academy and will not require any reduction of training State and local law enforcement personnel at Quantico. The Department proposes to expand the student capacity of the FBI Academy modestly through minimal new construction, including a 250-bed dormitory, classroom/specialized training and office space, cafeteria expansion, and relevant water and sewer upgrades. The total cost of the FBI Academy capacity expansion would be $25,154,785. (This amount includes a re-estimate of requirements, chiefly to eliminate the cost of site improvements mandated by the United States Marine Corps.) This proposal is under consideration within the Administration. We expect to accommodate all other training and support requirements associated with the Department's 1992 budget request.

Federal Law Enforcement Pay Reform Act

QUESTION: Under the new Federal Law Enforcement Pay Reform Act, the maximum FBI agent pay for a GS-14, including a 16-percent increase for locality pay, would be $113,183 ($148,815 with benefits). My question is three part: 1) Given this high salary, will the Government get a higher quality workforce? 2) Do you believe you can reduce staffing based on the higher productivity you should receive from these higher paid agents? and 3) What will be the cost of pay reform for the Justice Department in 1992?

ANSWER: 1) The National Advisory Commission on Law Enforcement (NACLE) was created to study the methods and rates of compensation of Federal law enforcement officers. The report recognized that compensation levels for Federal law enforcement personnel were insufficient and concluded that adequate compensation was necessary to maintain a highly-motivated and competent workforce.

On balance, the Federal Government is attracting higher quality people; however, it has been increasingly difficult to recruit and retain these individuals due to inequity in the compensation levels. The higher levels of compensation promulgated by the Federal Law Enforcement Pay Reform Act will allow the Government to maintain this high-quality workforce.

2) We do not foresee a reduction in staff as a result of the increased compensation for law enforcement officers. Federal law enforcement personnel are continually faced with increasing danger, violence and complexity of work. A highly-motivated and competent workforce is needed more today than ever before.

Although increased productivity may be an ancillary result of the additional compensation afforded to law enforcement officers, this was not the intended outcome of the NACLE study. However, as discussed above, adequately compensating these personnel will help maintain the quality workforce already in place.

3) The Federal Law Enforcement Pay Reform Act provided for increased entry level pay to be phased in over a 2-year period beginning in 1992; geographic pay differentials in eight areas, ranging from 4 percent in Washington D.C. to 16 percent in New York, Los Angeles and San Francisco; retention and relocation allowance provisions; language bonuses; and overtime and premium pay provisions.

The total cost to the Department of Justice in 1992 to implement the provisions of the Act is estimated to be $145.6 million. The 1992 President's budget includes $112.5 million to implement the mandatory provisions of this Act, namely the entry pay, geographic pay differentials, and overtime and premium pay requirements. The discretionary portions of the Act (foreign language bonus and relocation payments) will be absorbed within existing funding levels.

QUESTIONS SUBMITTED BY SENATOR SLADE GORTON

INS Inspector Levels at SEA-TAC

QUESTION: With the current allocation levels, how does the Immigration and Naturalization Service (INS) plan for passengers at Sea-Tac to be processed within 45-minutes? Furthermore, when does INS intend to start the 45-minute calculation - when the aircraft lands or when the passengers arrive at the Federal inspection area?

ANSWER: At this time, we can only speculate as to whether the 45-minute standard can be achieved in every instance. In an attempt to meet the statutory mandate to inspect arriving passengers within 45-minutes after their presentation for inspection (the time limit begins when international passengers arrive at the Federal inspection area, with all travel documents completed and ready for examination), four new Immigration Inspector positions were assigned to this airport.

However, additional staffing alone will not totally address the disorder that occurs at an airport when too many aircraft are permitted to disembark passengers in a short timeframe. INS has been unsuccessful in attempting to convince the airline industry to spread out arrivals over longer periods of time during the day. In the interim, each District Director and local manager has a variety of options available to them to meet operational needs, including use of other-than-full-time Immigration Inspectors and inspectional overtime to accommodate peaking patterns at airports.

QUESTION: What does the INS estimate as the worst delays at Sea-Tac during peak summer hours in 1990? Given proposed staffing levels, what does the INS estimate the worst delays will be in the summer of 1991? Please describe how you arrive at these estimates.

ANSWER: The 1991 staff allocation for Sea-Tac represents a 209-percent increase over 1986. This increase in staffing should minimize the delays in immigration inspections during peak hours. Passenger processing delays are not only determined by staffing but also by facility constraints, airline scheduling, weather and flight diversions, as well as other unforeseen circumstances. Therefore, INS cannot predict what the maximum delay would be at the airport.

QUESTION: Sea-Tac estimates that its international traffic is growing approximately 20 percent annually, with about a 16-percent growth in Federal inspection service traffic; yet, in a December 17, 1990, letter to me, the INS estimated Sea-

Tac growth at 8.2 percent. How is the INS calculating Sea-Tac's growth?

ANSWER: When the first version of the INS staffing model was under development, regional program managers were asked to submit estimates of growth for all airports in their jurisdiction. These estimates were used in the current version of the model, which was completed on December 11, 1990.

INS is aware that there have been differences of opinion, in several instances, regarding estimates of growth. One reason appears to be the basis for developing the estimate of growth. The most correct value upon which to base the estimate of growth, for INS purposes, is the estimated percentage in growth in the number of arriving international passengers that require inspection by INS. This does not include transiting passengers who may be using sterile transit lounges and who are not inspected. In some cases INS officials have spoken to airport managers who insist that the number of arriving aircraft, seating capacity of that aircraft, or even the number of departing international passengers should be used. Our definition is the correct one for our staffing modeling purposes.

To avoid a repetition of these problems, officials at INS's Office of Inspections is carrying on an ongoing dialogue with the Air Transport Association and the Airport Operators Council International. These organizations have been requested to solicit estimates of growth for 1991, 1992 and 1993, and to submit a consolidated listing to the INS Office of Inspections. The Service hopes to be able to use this data in the next version of the airport staffing model. This revision is under development for use in allocating additional positions that may be authorized for 1992, and to project staffing requirements for 1993 and 1994.

QUESTION: As the GAO noted in a report released Friday, March 8, peaking is a reality for a number of major international gateway airports, including Sea-Tac. However, the new INS staffing model appears to state that it will not seriously consider peaking: "[T]he model cannot accurately depict the effect. . . of a large number of passengers arriving within a short timeframe." If this is the case, how can the model be valid - when it ignores such a significant reality for all West coast airports, including Sea-Tac?

ANSWER: Staffing models are very important in allocating finite resources based on workload, as opposed to more subjective considerations. With intense competition between airports in some geographic areas, the Federal Government, and INS in particular, has a duty to allocate resources based upon an objective evaluation of factors having a direct bearing on staffing needs.

The INS airport staffing model calculates projected staffing needs based on inspections workload data from the most current completed fiscal year, weighted by estimates of growth in international passenger arrivals for each airport. Growth percentages were originally provided by INS regional program managers. Future versions of the model may utilize estimates of growth supplied by the air travel industry.

The staffing model calculates the number of full-time positions required to process arriving international passengers within the 45-minute facilitation limit. The model accounts for the effect of "peaking" by using an average of only 4.5 hours each day devoted to conducting inspections. This feature artificially compresses the productive day and, mathematically, inflates the number of inspectors needed.

However, INS believes that no staffing model can totally address the disorder that occurs at an airport when too many aircraft are permitted to disembark passengers in a short timeframe.

Cross-Border Traffic with Canada: Land Ports of Entry

QUESTION: In recent years, the State of Washington has experienced a tremendous increase in its cross-border land traffic with Canada. On average, the 19 land ports of entry all have seen increases of 30 percent to 45 percent in each of the last three years. Long lines at the border entering Washington have become far too long and far too commonplace. Moreover, because of those delays, inspections have been sped up to the point where I am concerned that border security is being compromised, both in terms of the flow of undocumented aliens and illicit substances.

What is the average number of vehicles searched per inspector per hour (including routine inquiries of drivers and passengers without need for further inspection) at the land ports of entry in Washington?

ANSWER: This number varies with the season, the port, the time of day, and the day of the week. The overall yearly average number of vehicles inspected per hour per inspector in the Seattle district is about 45 vehicles.

QUESTION: During peak hours only?

ANSWER: About 110 vehicles per hour are inspected.

QUESTION: How do those statistics compare to land ports in other INS districts, focussing on only vehicular inspections?

ANSWER: They are comparable to other land border ports of the same size.

QUESTION: If the average rates of inspections at the Washington land ports are significantly higher than at other INS districts, what, if any, plans are there to reallocate resources.

ANSWER: A staffing model is being developed to distribute staffing to all land border ports equitably according to the ports' workload. This staffing model will be used when additional resources become available. Almost every land border port in the nation has an inadequate staff for their workload.

QUESTION: What has, or will be done, to expedite border travel and inspections, in terms of policy, staffing, or automation?

ANSWER: INS is in the process of opening land border user fee lanes to expedite travel by low-risk, frequent border crossers. This is expected to reduce the workload of the regular inspection lanes at those ports without reducing the quality of the enforcement efforts at these locations. Users of the lanes will be required to apply for low-cost permits to use the express lanes and will be subject to random checks by immigration inspectors.

For 1992, we are asking Congress to appropriate additional funds to better staff the land ports. However, we must balance expedited inspections with enforcement activities.

INS is automating lookout systems and other parts of our routine processing as resources become available. This will expedite border travel as additional aspects of routine processing are automated.

QUESTION: Please quantify if possible the effect those changes would have on (i) illegal entry of aliens and (ii) illegal transportation of products into the United States, in particular drugs.

ANSWER: Task forces have shown that additional inspectors translate into additional apprehensions of illegal aliens and additional seizures of contraband. The increases in apprehensions and seizures are as much as 100 percent for a 25-percent increase in staff. However, early in these tests, the apprehension rate is higher than later, when regular crossers realize that tightened procedures are in effect. Automation also helps to increase apprehensions, but the numbers tend to climb more slowly after an initial surge.

Growth in INS Constituent Services Demand; Public Contact

QUESTION: In recent years, the State of Washington also has experienced substantial growth in immigrant and non-immigrant populations, primarily from the Far East and Mexico. My State officers have received an increasing number of constituent requests to help expedite matters pending with the INS, or even to help solicit INS assistance or advice in the first instance. My staff have given high praise for the willingness of the staff at the Seattle District Office to be of service, not only to our office but to the public at large. Nevertheless, the lines at INS are long and service is delayed. Telephone calls from the public experience lengthy waits or busy signals. My staff have noted, however, even though the Seattle District Office appears to be understaffed, there are a number of vacancies in key public contact positions. Is the workload handled by employees at the Seattle District Office heavier, lighter or comparable to that in other INS districts?

ANSWER: Over the past several years, INS offices nationwide, including the Seattle District Office, have experienced substantial growth in demands for constituent services. The Information Services program workload at the Seattle office is comparable to that in other offices of similar size. In meeting this demand for service, INS has installed and is currently operating an "Ask Immigration" system with 12 public telephone lines that provide 24-hour-a-day access to a library of subject messages with personal secondary assistance provided by Information Officers during normal working hours and a separate forms request voice mail feature to allow clients to place orders for INS forms.

This system and those like it in other locations greatly aid the public in resolving information needs. Although callers to the Seattle office who request personal assistance from an Information Officer may experience significant hold times periodically, our telephone reports to date indicate that this 12-line system has rarely experienced an "all lines busy" level of activity.

INS has installed its Customer Management Information System (CMIS) in Seattle and 17 other INS offices. The computer-based CMIS channels constituents who visit INS offices to a Service representative based on the nature of their business and generates various statistical information to assist local INS managers to optimize the day-to-day deployment of their personnel. This is part of continuing efforts to improve services to the public while making the most efficient use of agency resources.

QUESTION: Are such vacancies particular to the Seattle District Office or are they common in other districts as well?

ANSWER: Vacancies such as those in the Seattle office are also common in other districts where there is significant competition in the labor market for qualified personnel.

QUESTION: Are vacancies more attributable to funding or to recruitment problems?

ANSWER: Vacancies are generally attributable to turnover in the positions in question and the normal processing times inherent in the Federal recruitment and hiring processes.

QUESTION: What efforts are being undertaken to fill those vacancies or otherwise improve the ability of the Seattle District Office to provide badly needed services? For instance, are there any plans to identify Seattle as a key city, or to designate the Seattle District as a Senior Executive Status District?

ANSWER: The Information Services program manager has expedited the approval of funding and positions for the information services program so that recruitment actions may be initiated as soon as possible to satisfy field requests. Turnover and lengthy recruitment procedures contribute to the

District's difficulties in maintaining a full staff complement. At this time, there are no plans to designate Seattle as a key city.

QUESTION: What efforts are being undertaken to improve public contact services, e.g., policy changes, staffing, automation? How effective have those changes been?

ANSWER: Efforts to improve public contact services will continue to involve a combination of staffing, resource management and the use of automation activities through the "Ask Immigration" systems and systems designed to support resource management efforts. INS will also concentrate attention on filling vacant positions as expeditiously as possible to maintain service levels. The automation program has been particularly important in meeting growing information inquiries. The Service feels that efforts to date have been effective and will serve in the future as a basis for further improvements and innovations in service to the public.

Role of INS in Federal Enforcement

QUESTION: The INS is an agency on the front lines with other Federal agencies in a number of efforts. What role do you envision the INS playing in the future with regard to enforcement and interdiction issues beyond purely immigration concerns, for instance, drugs, organized crime and gangs, etc.? What efforts have been made to smooth coordination between the INS and other Federal and State agencies?

ANSWER: INS plays an important role in cooperative efforts among other Federal and State law enforcement agencies in matters directly or indirectly relating to the INS enforcement mission. Examples of these include INS' participation in the Organized Crime Drug Enforcement Task Forces, many State and local task forces whose targets involve aliens engaged in criminal activity, and the Five State Criminal Alien Pilot Project. INS's primary interest in these cases is violations that may render the offenders deportable or other immigration-related violations such as visa fraud or identification document fraud that may be used to evade the employment control provisions of the Immigration and Nationality Act. In addition, the Immigration Act of 1990 gave INS general arrest authority.

SUBCOMMITTEE RECESS

Mr. **THORNBURGH**. It is always a pleasure.

Senator **HOLLINGS**. Let me say in closing, I want to thank the Assistant Attorney General Rawls, who has been your legislative affairs coordinator.

Senator **RUDMAN**. I join in that.

Mr. **THORNBURGH**. Is he behaving himself?

Senator **HOLLINGS**. Yes; and he works, and we find him. For awhile we couldn't find anybody. I was figuring on calling Judge Sessions to find somebody, but you have got a good man now, and we appreciate him and his work with us.

This concludes our hearing for today. The subcommittee will recess until 10:30, Tuesday, the 19th, when we will hear from the Small Business Administration, the Economic Development Administration, and the Minority Business Development Administration and probably, Senator Bumpers will preside.

Senator **RUDMAN**. Thank you, Mr. Chairman.

Mr. **THORNBURGH**. Thank you, Mr. Chairman.

[Whereupon at 11:38 a.m., Thursday, March 14, the subcommittee was recessed, to reconvene at 10:30 a.m., Tuesday, March 19.]

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1992

THURSDAY, APRIL 11, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:09 a.m., in room S–146, the Capitol, Hon. Ernest F. Hollings (chairman) presiding.

Present: Senators Hollings and Rudman.

DEPARTMENT OF JUSTICE

DRUG ENFORCEMENT ADMINISTRATION

STATEMENT OF JUDGE ROBERT C. BONNER, ADMINISTRATOR

ACCOMPANIED BY:
- **STEPHEN H. GREENE, ACTING DEPUTY ADMINISTRATOR**
- **DONALD P. QUINN, ASSISTANT ADMINISTRATOR FOR OPERATION SUPPORT**
- **RICHARD KAY, CONTROLLER**
- **MARILYNN B. ATSATT, BUDGET OFFICER**
- **MICHAEL J. ROPER, DEPUTY ASSISTANT ATTORNEY GENERAL, CONTROLLER**
- **JEFFREY M. WEBER, DEPUTY DIRECTOR, BUDGET STAFF**

OPENING REMARKS

Senator HOLLINGS. Thank you. This morning we will continue the review of our 1992 Department of Justice budget by hearing testimony from the Drug Enforcement Administration. Appearing is the new DEA Administrator, Judge Robert C. Bonner. Along with him is Stephen H. Greene, the Acting Deputy Administrator, whose nomination was sent to us on February 15.

The 1992 budget request for our lead drug enforcement agency is $747,957,000. This is a $54 million or 8-percent increase over last year. But, when we add the $12.9 million requested within the Organized Crime Drug Enforcement Program, the percentage is closer to a 10-percent increase, which would give us 224 special agent positions.

Judge, I just want to make sure that it is in the record the accomplishments of the DEA and their Assets Forfeiture Program from 1986 to 1990. Clearly, the DEA is one agency that more than pays for itself. I want to emphasize that, in essence, through your seizing of assets, we brought in last year $1,060,300,000 and, of course, you had an appropriation of only $618 million. In some instances, we won't get the entire amount, so it won't be the entire $1 billion, but it will be well over the amount appropriated. The seizures that you have brought into the Government more than match your budget.

You have got additionally, under the law, $500,000 or more in cash seized that goes automatically to the forfeiture fund, and that totaled $152.7 million. And, the asset sharing was $181.6 million which goes back to the States. Next week, I will be down in South Carolina distributing to 10 local jurisdictions, $664,898 in equitable sharing checks, for their participation and cooperation with the DEA, FBI, U.S. attorneys, IRS, and BATF in drug cases. They all work together as a team, and if not, these shared assets would not be possible.

[The information follows:]

DEA ASSET FORFEITURE PROGRAM

[Dollars in millions]

Fiscal year	Asset seizures			Administrative forfeitures			Asset sharing		
	No. of cases	Value	Appropriation	No. of cases	Value	Appropriation	No. of cases	Value	Appropriation
1986	10,241	$400.0	$364	1,720	$25.4	....	....	$23.0	....
1987	12,635	509.7	490	5,439	59.9	....	....	50.5	....
1988	15,578	670.8	494	6,714	73.0	....	....	78.6	....
1989	19,042	979.1	534	8,442	97.9	....	....	149.8	....
1990	18,113	1,068.3	[1] 618	14,142	152.7	....	....	181.6	....
1991	....	....	[1] 787	....	....	....	....	....	....

[1] Includes OCDE funds.

OUTSTANDING WORK OF THE DRUG ENFORCEMENT ADMINISTRATION

Senator HOLLINGS. I have one other comment before yielding to my distinguished colleague. We have an ongoing program, judge, of the review of our efforts abroad, and somewhere, some time, the public record should be made that these DEA agents are doing an outstanding job. We recently had an opportunity to meet with your agency officials in Bolivia who are coordinating with the local authorities and everything else like that, and you should know they are doing an outstanding job without very much credit. So I wanted to state that for the record. We want to continue to work very closely with them.

Let me yield to you, Warren.

STRUCTURE OF DEA

Senator RUDMAN. Thank you, Mr. Chairman. We welcome you both here this morning. This subcommittee, over the last 8 years, has taken an intense interest in this agency. We have looked at its organization, its structure and its funding. We have worked with your predecessors and with the Attorney General, and we are prepared to make any structural changes that you might recommend to your authorizing committee. We would like to participate as members of the Appropriations Committee.

I am not convinced the structure is exactly what it ought to be. You are newly aboard, and you may want to study the issue. I continue to believe that the concept of consolidation of the agency with the FBI might further be pursued. So I am interested in hearing your testimony this morning, but in the long term, the committee is interested in having an ongoing dialog with you outside of the formality of the public hearing. I know the chairman and I are both very interested in how to get the most efficient use of the dollars that we appropriate.

COOPERATION AT THE STATE, LOCAL, AND COUNTY LEVEL

The chairman is quite right in what he says about what is going on in the field. Last year we had a series of hearings. I attended the major part of those hearings in Columbia, SC. It was a fascinating hearing because while we hear a lot about dissension in various parts of the country, in South Carolina, and I might also say in New Hampshire, there is excellent cooperation between DEA, local, county, State, and city officials.

I think that is very important. Although we tend to look at the drug problem from a national point of view, it seems to me that the greatest opportunity to uncover what is going on in distribution networks and so forth is provided by local police with their network of informants, by State police and by county officials. In South Carolina, we saw that working very well. I know from my own experience as an Attorney General in my State that we do that in New Hampshire. It seems to me that one of the key things that we ought to be encouraging is more cooperation between Federal, State, and local officials. I know that is high on your agenda. We have talked about it privately. I welcome you here today.

EXTRADITION OF DRUG TRAFFICKERS

Senator **HOLLINGS**. Let me add, before your statement, that within the entire policy, Judge Bonner, you have the proposition of fundamental overall general policy. I am a trial lawyer, and I hate to prove the other fellow's case. We were the infidel, and I didn't want to prove myself being the infidel in the gulf; similarly down there in Colombia. I don't want to prove the other fellow's case, and we are doing that with this extradition policy. I think it ought to be reviewed fundamentally to the American system of jurisprudence—that is to be tried by a jury of your peers. Instead, we make ourselves the enemy and thereby, make your job next to impossible, because we set ourselves up for grabbing them, bringing them up here, and I know certain officials down there would like that. That relieves them of the burden and it relieves them of the terrorism. The longevity of a judgeship down there is not long, but that is a local problem.

You can't correct that by hauling them off to be tried by a jury not of their peers. It doesn't have any credibility; it is not American, and it is a fundamental that we are on the wrong side of.

So we would be delighted to hear from you here this morning.

Judge **BONNER**. Thank you, Mr. Chairman and Senator Rudman. Let me just say a couple of things in response to two things that you suggested. First of all, I don't think there is any question that DEA agents, particularly those assigned overseas in places like Bogota, Bolivia, Peru, and elsewhere, have a very difficult and frequently dangerous assignment that they are performing. I think they do it exceptionally well. I have been very impressed with that and with the general level of dedication that I have found within the DEA.

COOPERATION WITH STATE AND LOCAL LAW ENFORCEMENT

Also, my perception is that historically, the DEA, perhaps better than most Federal agencies, has cooperated and worked with State and local law enforcement. I think you will find that is generally true all around the country, and it is one of the real strengths of DEA. It is recognized that to fully come to grips with the drug problem, it is vital to be working with State and local law enforcement and coordinating our efforts. We have done that in the past, both informally, in terms of joint investigations with State and local law enforcement, the sharing of information and intelligence, and, of course, formally, through approximately 71 DEA State and local task forces across the country. I think about 52 of those are permanent, and there are about 19 provisional DEA State and local task forces around the country.

ADDITIONAL AGENTS

Senator **HOLLINGS**. Since we are proceeding in an informal fashion this morning, the FBI now is adding 51 new agents to beef up drug investigations in smaller cities and the surrounding rural areas.

Why is DEA, as the lead Federal drug enforcement agency, not adding these agents rather than the FBI? You see, we get both requests here. We are trying to keep the organization strong, and we don't mind. There is no jealousy in this committee as to who does the job. The question from us is: How do we spend the public's funds wisely?

Judge BONNER. Exactly. I think the DEA has and will continue, in terms of our enhanced resources, to place as many of those agents as we can in maximizing our effectiveness in combating drug trafficking in the United States. We are going to try to put as many of those agents as we can in the mid-size and smaller cities of the country.

The FBI, as I understand it, has more resident offices than DEA. I think what they have in mind is putting at least a certain number of agents in resident offices. I think the number in the FBI budget request or the OCDETF budget request is 51 FBI agents that would be placed in some of their smaller resident offices. These agents would be there to assist in the development of organized crime and drug enforcement task force cases or drug cases.

The important thing, and it is important in many different areas, is that both DEA and FBI coordinate. I have had discussions with the FBI about this so that we see where they are going to be placing agents. In that way, I can determine the best and the most effective placement of DEA agents. We are coordinating on that. In fact, I met with the Deputy Director of the FBI, Floyd Clarke, just last week. He indicated that very shortly he would give me a tentative list as to where the FBI believes they are going to place these additional agents that they would be receiving under the OCDETF budget.

So, we have to coordinate this. We are talking about a situation in which there are a limited number of DEA agents, and, for that matter, an even more limited number of FBI agents that are devoted to Federal drug enforcement. The key is for our two agencies to coordinate to make sure that we are placing these agent resources as effectively as we can.

MORALE WITHIN DEA

Senator HOLLINGS. One little gimmick now employed within your own agency is this go around and meet and see. I will never forget when Robert Kennedy, 30 years ago, took over as a young Attorney General. He went through and made sure he could shake hands with all 32,000 in the Department of Justice. He took a long time doing it, but that was his goal. Now you have got Garfield Hammonds, special agent in charge in Atlanta. He is the first special agent in charge in Atlanta to come to us in 4 years, but he has increased the morale of the DEA in South Carolina. The FBI, the U.S. attorney, and everybody is bragging about his visit like it was a visit from the President or something.

If they get off their butts and come around and shake hands with these guys and find out what their problems are, their morale increases in measure. We want to commend Hammonds for doing that. I heard about it traveling the State this last week.

PREPARED STATEMENT

Thank you, judge. We have your statement. We will place it in the record in its entirety and you may highlight it as you wish.

[The statement follows:]

STATEMENT OF ROBERT C. BONNER

Mr. Chairman and Members of the Subcommittee: I am pleased to appear before you today in support of the Drug Enforcement Administration's budget request for fiscal year 1992. Since assuming the position of Administrator of Drug Enforcement last August, I have carefully analyzed DEA's capabilities and needs. The request before you represents a modest, yet balanced, plan for maintaining DEA in our Nation's battle against drugs.

DRUGS—A GLOBAL PROBLEM

Narcotics production, trafficking, and abuse are global issues which will have a significant and continuing impact in the decade of the 1990's on all nations and societies. There is no greater threat facing our Nation in the long term than that posed by illegal drugs. Whether we win or lose our battle against illegal drugs in this decade depends on what we do—or fail to do.

I need not describe to you the ravaging effects of illegal drugs on our country. Unfortunately, the terrible toll in terms of human life, financial losses, and drug-related violence plaguing the United States has spread worldwide. Drug abuse, production, and trafficking are serious problems in South America, Mexico, and Asia. Coca cultivation and cocaine production remains at unacceptably high levels in the Andes. Southeast and Southwest Asian opium production and heroin trafficking have not diminished. The cocaine/crack crisis currently assaulting the United States is beginning to spill across the Atlantic into Europe. Even the Soviet Union has reported that heroin and hashish use are becoming common.

ACTION BY DEA

The United States has taken the lead in curbing this global problem, and DEA as the lead drug law enforcement agency, has been and continues to be at the forefront of this effort.

Domestically, DEA made 21,799 arrests in 1990, 65 percent of which were of principal violators. DEA has increased its focus on quality investigations, targeting trafficking organizations at their highest levels. Examples include Operation Polar Cap, and the investigations of Guillermo Rodriguez, Luis Arce Gomez, Juan Matta Ballesteros, Jorge Roca Suarez, and Manuel Noriega. Further, Operation Leyenda capped one of the most significant investigations in DEA history when it led to the conviction last August of four defendants on various charges relating to the kidnapping, torture, and murder of DEA Special Agent Enrique Camarena and the murders of two American tourists in Guadalajara, Mexico, in 1985.

DEA has realized significant successes in the State and local arena as well. DEA's State and Local Task Forces made over 5,600 arrests and seized assets totaling more than $140 million in 1990. Through the Domestic Cannabis Eradication Suppression Program, DEA provided valuable assistance to State and local agencies in the eradication of nearly 126 million marijuana plants. In one of the more sophisticated marijuana cases, DEA and local law enforcement agencies seized a record indoor marijuana plantation in Arizona last October. This site was fitted with state of the art hydroponic equipment and was producing high grade sinsemilla. A total of 14,500 marijuana plants were seized in this raid with a street value of some $29 million.

DEA also realized significant success in disrupting major trafficking organizations through the targeting of drug-related assets. In 1990, DEA seized over 1 billion dollars' worth of illegal drug-related assets, setting a new record. Not only are we stripping traffickers of their ill-gotten gains, by our making use of the proceeds of seized assets, these traffickers are helping to finance part of the drug enforcement effort.

In the foreign arena, DEA, with the State Department's approval, signed Memoranda of Understanding (MOU) on bilateral narcotics cooperation with Soviet Customs and the Laos People's Democratic Republic in 1990. DEA is currently participating in the negotiation of similar MOU with the Government of Czechoslovakia.

Under the auspices of the International Narcotics Control Board of the United Nations, DEA was a primary sponsor of a chemical control conference held in Brussels last June. The United States has initiated diplomatic efforts to facilitate the development of a European chemical control policy in response to evidence indicating that Andean nations have shifted to European sources for the purchase of essential chemicals. In addition, bilateral chemical control agreements have been negotiated with Colombia, Peru, Bolivia, Panama, and Ecuador.

EARLY RESULTS

One thing is apparent—drug traffickers and their organizations have suffered disruption. In 1990, for the first time since the cocaine epidemic began over a decade ago, the price of cocaine rose, from a low of $11,000 per kilo to $18,000 at the end of 1990.

In the past three years several top Colombian cartel leaders have been removed or incapacitated: Guillermo Rodriguez and 42 members of the Cali cartel; Carlos Lehder; Juan Matta Ballesteros; Gonzalo Rodriguez Gacha; Gustavo Gaviria; the infamous Pablo Escobar of the Medellin Cartel is on the run; and three of the Ochoa brothers, Jorge, Fabio, and Juan David, have surrendered to Colombian authorities.

Just a few years ago no one would have thought this possible.

Only in an environment where law enforcement makes illegal drugs hard to get can prevention, education, treatment, and community action succeed in curbing demand. DEA has been active in reducing the demand for drugs through its demand reduction program. This program targets the children and youth of America, describing in detail the mental and physical destruction that accompanies drug use. DEA's Sports Drug Awareness program has received support not only from professional athletes, but also college and high school coaches. Just last month, DEA, in conjunction with the National Youth Sports Coaches Association and the Just Say No Foundation, kicked off a basketball program for 1,200 inner-city youth in the District of Columbia. The coaches involved are all trained in demand reduction and the program will provide continual reinforcement of the anti-drug message.

While there are signs of progress, the drug crisis is far from over. This is not the time to stand pat or slacken our efforts.

DEA'S 1992 BUDGET REQUEST

The Administration's 1992 budget request totals 6,359 positions and $748 million for DEA. In addition, 1,103 positions and $107.2 million are requested separately for DEA's participation in the Organized Crime Drug Enforcement Task Force (OCDETF) program. This includes program enhancements of 283 positions and $41.5 million in direct funds and 114 positions and $12.9 million for OCDETF. Together, these enhancements provide an additional 224 Special Agents and $54.4 million for DEA's drug law enforcement activities.

DEA's 1992 direct appropriation request is divided into two basic funding initiatives, which I will briefly describe.

The first initiative is designed to enhance DEA's ability to target and immobilize major drug traffickers. This request contains 260 positions, including 134 Special Agents, and $30.2 million. The request builds upon the major drug enforcement objectives, both domestic and foreign, developed by DEA and the Office of National Drug Control Policy (ONDCP). The initiative primarily targets Federal efforts on complex, interstate, cross-jurisdictional trafficking enterprises.

The domestic increases requested will be deployed primarily in the High Intensity Drug Trafficking Areas (HIDTA) and other regions that are significant in terms of their impact on drug production, trafficking, and distribution. Such actions, coupled with DEA's 1991 allocation of agents among HIDTA areas and small and mid-sized cities, will diminish the flow of drugs into America's heartland.

Special Agent resources requested in the 1992 budget will be targeted on specific drug problems. These include the major importation and distribution centers for cocaine and heroin and production and distribution centers for synthetic drugs.

The request also includes funding for an additional seven State and Local Task Forces to help fight trafficking at the local level, and an expansion of personnel to assist State and local government initiatives in domestic cannabis eradication.

The foreign component of DEA's 1992 request will provide additional Special Agents to expand DEA offices in Brazil, Chile, Colombia, Ecuador, and Guatemala in order to further our Latin American initiatives.

Finally, DEA seeks to continue its effort to implement the Chemical Diversion and Trafficking Act both domestically and abroad by verifying the legitimacy of chemical importers, exporters and foreign customers of U.S. chemical exporters. This request provides 29 additional diversion investigators.

Incidentally, the Congress, through passage of the Anabolic Steroid Control Act of 1990, gives DEA the responsibility to halt steroid trafficking and abuse. DEA must now regulate the legitimate steroid industry as well as conduct criminal investigations concerning the unlawful manufacture, distribution, possession, and importation of anabolic steroids. To this end, DEA is implementing a plan of action that involves our Special Agents, Diversion Investigators, and Demand Reduction Specialists.

DEA's second initiative seeks to strengthen operations through development of a sound infrastructure. This request includes 23 positions and $11.3 million to rectify existing infrastructure shortfalls.

The growth over the past few years of DEA's front-line resources has outpaced the capacities of its management systems, support workforce, and physical infrastructure.

This second initiative begins the road to recovery for DEA's infrastructure. Preliminary findings of a consultant's review of DEA's laboratory facilities suggest that as many as seven of the nine labs require major modifications. This request includes $1.5 million for an Architectural and Engineering study designed to merge DEA's two Washington-area labs into one facility. In addition, it includes additional funds and positions to support domestic investigative efforts. Requested enhancements include funds to purchase modern investigative equipment for fingerprint examination and wire taps to keep pace with changing technology, to operate forfeited aircraft, and to purchase replacement vehicles—26 percent of DEA's current vehicle fleet exceed our replacement criteria. Additional staff is also requested to provide improved quality assurance and administrative support for DEA's aviation program and to provide additional clerical support in small domestic field offices to relieve Special Agents from clerical tasks.

This initiative also includes additional funds and positions to enhance DEA's ADP capabilities. Computer specialists are requested to support DEA's Office Automation project so that a modern system can be fully implemented. Additional staff is also requested to integrate ADP systems at the El Paso Intelligence Center. Finally, funds are requested to contract for information resource specialists to assist DEA field divisions in managing ADP systems at the local level and to support major refinements to DEA's headquarters-based administrative support automated data processing systems.

COMMITMENT TO THE DRUG WAR

I cannot tell you how proud I am to be associated with the men and women of DEA. Their efforts, often under trying circumstances, are an indication of how truly dedicated they are to ridding the scourge of drugs in the United States and around the world.

Additionally, I want to mention that 32 of the many DEA employees who serve their country in the National Guard and Reserves were called to active duty in Operation Desert Storm. Special Agent Eugene McCarthy, a Marine Corps reservist, was recently killed in action when his helicopter crashed in the Saudi desert. DEA is extremely proud of Special Agent McCarthy and the other DEA men and women for their dedication.

As we face the challenges of the decade of the 1990's, attention must remain focused on the issues of narcotics production and abuse. The Nation's fight against drugs is a long-term campaign, and success requires a sustained effort. I urge you to support this request to assist DEA in pursuing aggressive efforts toward implementing the National Drug Control Strategy.

Mr. Chairman, this concludes my remarks. I welcome any questions you or the members of the Subcommittee may have regarding DEA's 1992 budget request.

BIOGRAPHICAL SKETCH OF ROBERT C. BONNER

Robert C. Bonner was appointed Administrator of the United States Drug Enforcement Administration (DEA) by President George Bush on July 31, 1990. When selected by President Bush to head the nation's lead agency in drug law enforcement, he had been serving as United States District Judge for the Central District of California (Los Angeles) since June 16, 1989.

Prior to being named to the Federal judiciary, Judge Bonner had been the United States Attorney for the Central District of California for more than five years. In that post, and during nearly five years (1971–75) as an Assistant United States Attorney, he was active in numerous complex drug trafficking, money laundering, and conspiracy cases, and was especially involved in prosecutions related to the kidnapping and torture-murder of Enrique "Kiki" Camarena, the DEA agent who was killed in Mexico in 1985 by Mexican drug lords.

Judge Bonner was a partner in the Los Angeles law firm of Kadison, Pfaelzer, Woodard, Quinn & Rossi from 1975 until his appointment as the United States Attorney.

He was born on January 29, 1942, in Wichita, Kansas. He graduated magna cum laude from the University of Maryland in 1963, and in 1966 received his Juris Doctor degree from Georgetown University.

Judge Bonner served three years, from 1967 until 1970, on active duty in the U.S. Navy's Judge Advocate General Corps, including sea duty aboard the U.S.S. *Franklin D. Roosevelt.*

BIOGRAPHICAL SKETCH OF STEPHEN H. GREENE

Stephen H. Greene was nominated as the Acting Deputy Administrator for the Drug Enforcement Administration (DEA) on February 15, 1991.

In his previous assignments, he served as Assistant Deputy Administrator for Operations; Deputy Assistant Administrator for the Office of International Programs; Associate Special Agent in Charge of the DEA Los Angeles Field Division; Executive Assistant to the Assistant Administrator for Operations and as a Senior Inspector in Washington, D.C.

Mr. Greene entered on duty with Federal Government as a Special Agent in Baltimore, Maryland in 1968. He has served overseas as a Special Agent in Saigon, Vietnam; Hong Kong, B.C.C.; and Bangkok, Thailand. Mr. Greene was the Country Attaché in Saigon during the fall of the South Vietnamese Government in 1975.

Mr. Greene also served in the U.S. Marine Corps where he was awarded a Purple Heart and Bronze Star with a Combat V for services in Vietnam.

Mr. Greene was the recipient of the President's Distinguished Executives Award in 1991.

Mr. Greene was graduated with a Bachelor of Science in Government and Political Science from the University of Maryland. He is married to the former M. Kathleen Carlock.

1992 BUDGET REQUEST

Judge BONNER. I would just like to highlight some of the remarks I made in my written statement. As the subcommittee knows, it was last August that the President appointed me as the Administrator of Drug Enforcement, and since that time, I have had an opportunity to acquaint myself with and evaluate DEA's capabilities, enforcement efforts, and needs.

The request before the committee, DEA's 1992 budget request represents a relatively modest but balanced approach to maintain DEA in the forefront of the Nation's battle against illegal drugs.

At the outset, I would like to thank this subcommittee, and particularly, the chairman, Senator Hollings, for the support of DEA and for drug law enforcement generally in this country. Your leadership, Mr. Chairman, and your efforts and those of Senator Rudman and this committee, have greatly contributed to the success of the Drug Enforcement Administration, and the overall success of Federal drug enforcement to aggressively combat illegal drugs in this country.

As the lead drug enforcement agency of the Federal Government and as the only agency of the U.S. Government that has as its sole mission the enforcement of the Federal drug laws, the DEA continues to be in the forefront of the national effort to expose drug traffickers and bring them to justice. DEA must destroy and dismantle major drug trafficking organizations that are operating in the United States and whose tenacles frequently extend outside the territory of the United States.

ACCOMPLISHMENTS

Last year, DEA arrested nearly 22,000 drug traffickers, 65 percent of whom were major drug violators responsible for distributing sizable quantities of cocaine, crack, heroin, methamphetamines, and other kinds of illegal drugs. Significant examples of DEA's activities include, and let me name a few, because sometimes, it is not always clear as to DEA's role and involvement in certain cases. For example, the indictment last month in the Federal court, in Florida, of Guillermo Rodriguez, one of the top traffickers in the Colombian Cali cartel was indicted along with 42 other members of the Cali cartel. That was as a direct result of the DEA investigation that we have been conducting of the Cali cartel for several years.

There was the conviction earlier this year of Luis Arce Gomez. He is the former Minister of the Interior of Bolivia who ultimately came into United States custody about 1½ years ago. He was tried and convicted, and sentenced just last month in Federal district court in Florida to 30 years imprisonment. That case was as a direct result of a DEA investigation that started back in the early 1980's and continued after we obtained custody of Arce Gomez approximately 1 year ago.

There was the conviction just a couple of months ago of Juan Ramon Matta Ballesteros. Matta Ballesteros was a major member of the Colombia cartels. He is a Honduran, but he operated out of Cali. He is the person, in my judgment, who was the connection between the Colombian cartels and the Mexican crack/cocaine operations. He established the Mexican connection back in the mid-1980's, to facilitate the movement of vast quantities of cocaine from Colombia into Mexico and, ultimately, into the United States. He was convicted and has been sentenced to life imprisonment as a result of the DEA investigation.

There is the recent indictment, just a couple of months ago, of Jorge Roca Suarez in U.S. district court in San Diego. Roca Suarez is a major Bolivian cocaine trafficker. He has been indicted, and presently, he has been apprehended near his very luxurious home in the Los Angeles area, and he is pending trial.

There are Operations Polar Cap—I think you have heard of that and Operation Pisces. These are two of the largest drug money laundering cases ever mounted. They resulted in the conviction of over 100 individuals, and they resulted in the seizure of enormous amounts of drug assets, well over $100 million. Pisces was a case developed exclusively by the Drug Enforcement Administration. Polar Cap was a case in which DEA worked with the FBI, Customs, and IRS.

OPERATION LEYENDA

Then just one more that I am going to mention, and that is Operation Leyenda, which I think has been one of the most significant investigations in DEA history. Operation Leyenda was the investigation into the kidnaping, torture, and murder of Agent Kiki Camarena in Guadalajara, Mexico, in early February 1985. As of last August, seven individuals have been prosecuted and convicted based upon the DEA investigation in the United States for their participation in the kidnaping and murder of Agent Camarena.

So just naming those few you can see the significance and the magnitude of cases and the complexity and duration of cases that DEA has been and is involved in.

DRUG SENTENCING

Senator **RUDMAN**. What were the sentences in those cases?

Judge **BONNER**. In those cases, the first three defendants that were convicted, two of those defendants received life imprisonment, and a third defendant, who was charged and convicted and would be an accessory after the fact of the murders, received a 15-year sentence.

The other four defendants that were convicted last year, Senator Rudman, I don't believe they have been sentenced yet. There were some posttrial motions that had to do with the jury deliberations, and so it has taken more time than it would ordinarily take to have the sentences imposed.

MARIJUANA ERADICATION PROGRAM

DEA, by the way, as I have indicated, has realized significant successes in State and local investigations and in that area, as I mentioned, through our State and local task forces and otherwise, just working through local law enforcement on a case-by-case basis throughout the country. One example of our cooperation with State and local law enforcement, of course, is DEA's Domestic Marijuana Eradication Program, where we provide assistance to State and local agencies for marijuana eradication. Last year, we eradicated 126 million marijuana plants. In one of the most sophisticated of those marijuana investigations, DEA and local law enforcement agencies in Arizona seized an indoor marijuana plantation, last October, that had approximately 14,500 high-potency sinsemilla plants that were being grown inside a 10,000 square foot house that had been specifically constructed to cultivate marijuana indoors. The marijuana was being grown hydroponically with lights in the basement area of the house, which was 10,000 square feet. The house was built by the drug traffickers solely to grow marijuana inside and thereby, avoid ready detection.

Senator **HOLLINGS**. On that score, Senator Rudman and I were down in South Carolina and learned last year that our principal cash crop is not tobacco; it is marijuana. We had seized some 24,000 plants. It seems like the old bootleg days. They don't need the house underneath with hydroponics; they go to the same old liquor stills and instead of liquor, they go to the raising of marijuana. Then you come along, and I think you picked 10 States or something for special assignment for the additional agents. We added $10 million in the eradication program last year, and that has brought us to a total of $13.8 million, and now you are requesting 10 agent positions for various States. How were those States selected, judge, do you remember?

Judge **BONNER**. Yes; I can tell you.

Senator **HOLLINGS**. It didn't include New Hampshire or South Carolina.

SPECIAL AGENT COORDINATORS

Judge **BONNER**. It did not, but what we are talking about is 10 special agent coordinator positions which would be specifically directed to work with State and local agencies for purposes of developing marijuana eradication programs. In an ideal world, we would have an agent coordinator for this purpose in every State that is a significant marijuana-producing State, but what we did in our budget request is request 10 agent coordinator positions, and they were based purely on looking at the levels of marijuana production in the 50 States of the country and taking, basically, the top 10 States.

Senator HOLLINGS. What about South Carolina?

Judge BONNER. South Carolina was high. There is no question about that, but it was about 24th in total marijuana production.

Senator HOLLINGS. Is that right?

Judge BONNER. The leading States are Missouri, California, Hawaii, Kentucky, Tennessee, and so forth. We tried to be as fair as possible, and we simply took the 1989 estimate figures of the marijuana cultivation in the States.

Senator HOLLINGS. That is what I was talking about. The year before last, 2 years ago, we were eighth, if I remember correctly, but we will check it and see.

Senator RUDMAN. You have a base program as well, right?

Judge BONNER. Yes.

Senator RUDMAN. I am looking at the list, and I notice that California is not on the list. The obvious answer is it is in the base program, I assume.

Judge BONNER. It is in the base program. There are two States, actually, where we already have full-time coordinators. Those were California and Hawaii; this is adding 10. So, we now have the top 12 States that are marijuana producers in the States that are now covered. That is how they were selected, and it was based upon putting these coordinators in the States that were the largest in terms of the problem based upon a numerical assessment. The figures we used for this were the 1989 marijuana eradication figures.

I have here, by the way, exactly where South Carolina ranked.

RANKING OF STATES THAT ARE MARIJUANA PRODUCERS

Senator HOLLINGS. Go right ahead. You said 24th.

Judge BONNER. I am wrong.

Senator HOLLINGS. Two years ago, we were No. 8.

Judge BONNER. I am wrong. It is 22d out of the 50 States. It is 22d based upon the 1989 statistics in terms of marijuana production. So it is relatively high up there, but there are others.

Senator HOLLINGS. Judge, you ask yourself: How do you measure production? If I am going to make seizures the measure of production, it could be with that agent and the proper training of State and local police we could be much higher. I heard testimony that in South Carolina, our largest product, farm product that we have now as a cash crop is marijuana. I wish you would review that.

Senator RUDMAN. Let me just say that I am not sure about the statistics, either, but I am not anxious for New Hampshire to get very high on that list, I will tell you that.

Judge BONNER. So far New Hampshire is doing pretty well. It is 44th, Senator Rudman.

Senator RUDMAN. It is too cold up there to grow marijuana.

Senator HOLLINGS. Antifreeze is what you all need. [Laughter.]

ERADICATION EFFORTS

Judge BONNER. I am told there were 24,000 marijuana plants that were eradicated in South Carolina last year. Let me add, this doesn't mean that DEA doesn't have a marijuana suppression program. Frankly, we have it in each State in which we can interest State and local officials. It is simply a question of whether we have a full-time coordinator special agent position or somebody that has that as a collateral duty. We are not limiting our eradication efforts in working with State and local law enforcement to these 10 States by any means. We intend to continue our program of working cooperatively with all 50 States, and frankly, we want to keep them interested, and we do provide organization, support and assistance to each of the States. We will continue to do that.

[CLERK'S NOTE.—Letter from Judge Bonner outlining DEA's marijuana eradication efforts in South Carolina was subsequently provided to the committee.]

LETTER FROM ROBERT C. BONNER

JUNE 10, 1991.

Honorable ERNEST F. HOLLINGS,
United States Senate
Washington, DC.

DEAR SENATOR HOLLINGS: The Drug Enforcement Administration (DEA) is pleased to respond to your concerns regarding the State of South Carolina's role in the immobilization of cannabis cultivators and traffickers in the United States.

The Domestic Cannabis Eradication/Suppression Program (DCE/SP) is managed by the Cannabis Investigations Section at DEA headquarters. A section Chief, Deputy Chief, and seven special agents serve as full-time DCE/SP staff coordinators to support field operations.

In each participating State, a special agent from the appropriate DEA field office serves as a DCE/SP coordinator. In South Carolina, resident agent in charge (RAC) Charles Schaming of our Columbia resident office has been assigned to serve as the DCE/SP coordinator. RAC Schaming assists State and local counterparts in preparing the State eradication operation plan. RAC Schaming also assists DEA field management in monitoring the program, compiling program statistics, developing intelligence and participating in enforcement operations. The DEA also has offices located in Charleston, Greenville, and Florence which work very closely with State and local officials on a regular basis.

DEA is requesting an additional 10 special agent positions in 1992 to serve as full-time State DCE/SP coordinators. At the present, DEA's priority lies with those States which have demonstrated the greatest needs based on their overall cultivation problems and eradication accomplishments. Even though South Carolina ranks 28th among all participating States in cultivated plant eradication (based on 1990 statistics), DEA is very satisfied with the efforts and cooperation that South Carolina has put forward. It is our intention that each State will eventually be allocated a full-time position for DCE/SP coordination.

The State of South Carolina has been allocated $139,185 from DEA in 1991 to implement its State eradication operating plan, a substantial increase from the $15,000 allotted last year. The DEA anticipates that South Carolina will continue its fine efforts and increase its overall eradication program. The additional funding also presents an opportunity for the State to acquire the latest equipment and provide the latest training in eradication techniques to the participating law enforcement officers. It is our pleasure to continue working with South Carolina authorities, and we expect many additional productive years.

If I can be of further assistance in this matter, please do not hesitate to contact me.

Very truly yours,

ROBERT C. BONNER,
Administrator of Drug Enforcement.

DEA ASSET SEIZURES AND FORFEITURES

Judge BONNER. I wanted to say that financial investigations represent another area in which DEA has excelled. The chairman has mentioned that in 1990 DEA seized over $1 billion, which is in drug-related assets. We are talking about cash and vehicles, real estate, and bank accounts belonging to drug traffickers that were derived as a result of illegal drug sales. That is a new record. These seizures are a major source of income, as this Committee knows, of the Justice Department's assets forfeiture fund. Indeed, I am advised that over 80 percent of the funds that go into the assets forfeiture fund are the result of DEA seizures and forfeitures.

Further, the Justice assets forfeiture fund shared, as you know, Mr. Chairman, $178 million with State and local law enforcement agencies in 1990, the vast majority resulted from DEA investigations in which State and local law enforcement agencies participated with DEA in investigations which, in turn, led to the seizure of drug-related assets.

CHEMICAL CONTROL

Chemical control was also a significant issue for DEA in 1990 and it will continue to be a significant issue. DEA was a primary sponsor of a chemical control conference held in Brussels last June. We have also initiated diplomatic efforts to facilitate the development of a European chemical control policy and to reach agreement with countries in Europe and elsewhere with respect to the controlling of essential chemicals, chemicals essential for the production of cocaine and heroin.

One thing is apparent to me, and that is that there have been disruptions suffered by the drug trafficking organizations in the last year or so. In 1990, for the first time in over a decade of our experience with the cocaine epidemic, we saw the price of cocaine rise in the United States. There had been a steady decline in the price of cocaine for over 10 years, but last year, in 1990, it rose, and that indicates to me a disruption in the supply of cocaine reaching the United States. That is not to say we have eliminated the supply, but it indicates a disruption of the supply and, as a consequence, a significant price rise in the wholesale price of cocaine in the United States, in every city of the United States. In every major city we saw a price rise in 1990. I say major city, because we have a specific program in those cities that determines the price of cocaine based upon DEA undercover purchases.

DEMAND REDUCTION

It is only in an environment where law enforcement makes illegal drugs harder to get and more expensive that prevention, drug prevention, and drug education can succeed in curbing demand. DEA, as I think the committee is aware, has also been active in reducing demand for illegal drugs through its demand reduction programs. For example, DEA's Sports Drug Awareness Program has received support not only from professional athletes, but also from high school and college coaches throughout the country. In a month or two, I am going to Bismarck, ND, to address the National High School Coaches Association as part of the DEA Sports Drug

Awareness Program to discuss drug issues as well as the issue of steroids.

Senator **HOLLINGS**. That interests me. If you don't mind, Warren, what happens, judge, is, you see, and heaven knows, we don't want to whet your enthusiasm, because we have been through a lot of administrators. We are burning the poppy fields in Turkey. We were breaking up the laboratories down in Marseille, and we got down into Mexico and got ahold of that situation and lost some agents and then down to Bolivia, and now we are up in Colombia, and moving to Peru.

I can imagine the chairman of this committee 10 years, 20 years from now going through the bill, and seeing the same scene. Because all of you folks that are professionals with knowledge tell us we are only getting 10 percent, and you pick up the morning paper and it is in the frat house in Virginia; the best of the best of our citizenry is involved.

So when you say you are going into the high schools, that interests me, because I think that is where you are going to have to arrest this drug problem—only through the educational process do we give some hope to these fellows who are putting their lives on the line down in Bogota and Mexico City and other places, because without demand reduction, these things can go on, and there are not enough courts; not enough jails; not enough agents to keep the fight going endlessly. Unless you teach them, like everybody, not to smoke, somehow or the other, we must go through a generation and teach them not to use drugs.

DRUG EDUCATION

Judge **BONNER**. Drug education is extraordinarily important to our overall success. My point is, that a strong drug enforcement effort is also important in the sense that as we make drugs more expensive, we make them more difficult to obtain. No matter how good a drug education program is at a high school, if the kids at that high school walk out the door and there are people dealing drugs and they are dealing them relatively cheaply and they are readily available, that drug education program is not going to have a very good chance of succeeding.

So really, it is a combination, Mr. Chairman. It is a combination of both of these efforts working together. Frankly, while you can look over the long history of America's nightmare with illegal drugs and wonder whether we ever are going to be able to contain and control the problem, I think the positive thing is that last year and perhaps in the last couple of years, we are beginning to see some positive signs. We are actually able to see some cause and effect. We do something, and if we do it wisely and we plan it carefully on the drug law enforcement side of things, we can see that it does have some impact.

DRUG LAW ENFORCEMENT

I just say that for 10 years, DEA principally and other Federal agencies have been working on the cocaine crisis, the cocaine epidemic, and for 10 years, we saw the price of cocaine dropping, which indicates that more and more cocaine was coming into the

United States. So last year for the first time, we did see some disruption of the traffickers, and that is a positive sign. We saw it because of activity taking place in the United States and we saw it, in my judgment, also because of cooperative activity and assistance that DEA has been able to provide in other countries of the world.

We also saw it because of some vigorous action and some greater political will in certain countries of the world against drug trafficking groups. These countries include the Government of Mexico, which seized something on the order of 50 tons of cocaine last year in Mexico. Also included are the vigorous and courageous efforts of the Colombian National Police and the Colombian Government to attack traffickers there. Through a combination of applying as much pressure as we can to all phases in the chain of supply, we have seen that we can have an effect of making cocaine more expensive; we can have an effect on its availability in the United States.

We have got a long way to go on this group effort and I don't mean to sound Pollyannaish or euphoric about this.

DRUG LAW ENFORCEMENT ASSISTANCE

Senator HOLLINGS. Let's get a suggestion from you. Let's go right down to Colombia. When you are talking about the assistance, I think it is the wrong kind of assistance. If I am in Colombia, I am paid as a police officer $100 a month. The drug lord turns to me and says, "Look, you don't have to be able to see everything that is going on. All you need to do is take $1,000 and look the other way." Things do get by; you can't see every crime that occurs, and it is so easy economically to take the $1,000 and look the other way.

Additionally, in jail, once we have extradited people, I am very much aware of Ochoa and that group. They go to jail and they get luxury surroundings and TV and visitations and everything else of that kind. The judges—maybe it is like Robert Kennedy—they start off in office first and practice law later. What they do is literally come in, and after you have been in office, if you live that long, then you can go out and practice. Let's turn that around.

Here we have got the President recommending $1 billion in weapons sales to sell Patriot missiles and everything else for war. Why not, for the war on drugs, give direct assistance to law enforcers and judges; give them *x* million dollars to really pay law enforcement down there more than the drug crowd down there is paying them and pay judges who will be career judges and everything else. Let them start enforcing their own law rather than this feudal system of setting ourselves up as a straw man, the enemy. We ought to grab them and take them out and extradite them and everything else like that. That is a matter of patriotism and nationalism that this country feels that every citizen has.

I can tell you right now, we are never going to serve justice trying to grab them and bring them up here. The money is going to the wrong place. The money ought to go directly in so we don't need any more DEA agents down there. We need *x* million dollars for law enforcement in Colombia and better paid judges. Then you get some good people, and then they are not paid any more by the drug cartel, and maybe you will get some effective law enforcement and what-have-you. We have been going about this thing the wrong way for years. We see it year in and year out.

Judge **BONNER**. We are providing aid and assistance. That is one of your questions. I don't know exactly where it is going, but we are providing assistance.

Senator **HOLLINGS**. I know, it is technical. I am just trying to get the man on that decommission to make it to his interest, the human part of it.

Judge **BONNER**. DEA provides assistance to the Colombian National Police and to the Colombian military. The tragedy of Colombia is that this actually was a country with fairly strong democratic institutions, a respected judiciary, and an effective police and law enforcement establishment that has been virtually destroyed by these incredibly powerful Colombian drug trafficking organizations.

Senator **HOLLINGS**. Financially powerful.

Judge **BONNER**. Financially powerful. That is the source of their power, Mr. Chairman.

Senator **HOLLINGS**. Yes; it is. Money talks, and here we have got a chance. Rather than $1 billion for foreign military sales, let us put $1 billion down in our own hemisphere to these countries just for law enforcement officers.

DRUG-RELATED MURDERS IN COLOMBIA

Senator **RUDMAN**. My understanding—and I am not sure of the statistics—but I am told that in Medellin there were 3,000 murders in the last year; is that accurate?

Judge **BONNER**. I don't have the exact number.

Mr. **GREENE**. Of law enforcement officials?

Senator **RUDMAN**. No.

Judge **BONNER**. Just murders.

Senator **RUDMAN**. Drug-related murders totaled 3,000, including police and officials. I am not warranting that statistic as being correct.

Mr. **GREENE**. I don't have that exact figure, but it is in the thousands.

Senator **RUDMAN**. One of our colleagues, who was there last week, quoted that figure. I found that stunning. That is in one city.

Senator **HOLLINGS**. Sure.

Senator **RUDMAN**. We talk about the situation being out of control; I don't know how a Government functions with that going on.

Senator **HOLLINGS**. I wasn't being cute when I said, "Don't tell them you are from the DEA." If you went down there, I can tell you right now, you would be a choice target. Everybody would be after you. Why do I say everybody? Look, 12 years ago we had the Department of Justice come in here, and they begged Senator Rudman and me for a reprogramming. And what was it all about? Well, Rosslyn Carter, she was going down, she went over and got a Berlitz course and she could speak the Spanish to go to Colombia.

And they thought, "We really need to embellish this with some helicopters and radio equipment." So we reprogrammed it. We gave them the helicopters and radio equipment and things like that, and boy, that really accelerated the drug traffic. A few years later, we found out it went to their ministry, and the ministry was in charge of the drugs. It so permeates everything else that a little bit here and a little bit—you are a realist and you are experienced and you have got good judgment. I want you to come back here 1 year from now and tell us how we are really going to get on top of this. We go through the same act and scene, a little bit more money. We doubled the FBI budgets and everything else; more agents. A fellow will come in and he will get more jails, and they will have more dramatic arrests and everything else, but when you look them in the eye and they say, "We are only getting 10 percent and 90 percent of it is coming through," we have got to change somehow, somewhere and get on top of this.

Judge BONNER. I don't know how good my judgment is, though, Mr. Chairman, because I am going to Colombia in a couple of weeks.

Senator RUDMAN. Be careful.

Senator HOLLINGS. How is the assistant doing? Are you all right? [Laughter.]

Mr. GREENE. I have got a t-shirt that says, "I am not Rob Bonner." [Laughter.]

Senator RUDMAN. Printed on both sides.

Senator HOLLINGS. Yes; good. Is that your statement now?

Judge BONNER. That is the statement.

NURSE PRACTITIONERS

Senator HOLLINGS. That is an excellent presentation. I am enthused about your directorship. Let me ask you this on the nurse practitioners. You put out a proposed regulation that says that, "Look, you require of these nurse practitioners that they obtain a DEA registration, that the practitioner does not have independent authority, or otherwise, you have got to have a supervising position." Now, 34 States allow these nurse practitioners to obtain their own DEA registration number.

I never have had experience on this one, but a similar parallel situation I can think of is when I found hunger in South Carolina, and particularly, the disease that went along with it. There was no chance of me getting the doctors to these rural areas. I had to get nurses authorized by the State board of health and everything else and volunteers and everything. In a similiar sense, that is what we are doing with the nurse practitioners who really know these areas and know the problems of health care well.

What I am saying is instead of enforcing more drug control aren't you rather stultifying it in a sense because a nurse would have to go around with three or four doctors or authorities and everything else? I sort of had a good thing going, and it looks to me like now you have arrested it.

Judge BONNER. I hope we haven't arrested it. We did issue, in early February, a proposed new rule with respect to this matter, and the rule is basically to carefully state under what circumstances a nurse practitioner can get a registration number for purposes of dispensing or prescribing controlled substances. The rule is subject to comment. We are in the comment phase right now. It simply looks at State law so that if you have a State that allows a nurse practitioner to, under his or her own authority, independently prescribe drugs, then that individual can come to DEA and get a registration number that allows that person to pre-

scribe and dispense controlled substances and have his or her own registration number.

Now, many States don't give independent authority to a nontraditional practitioner, to nonmedical doctors; they require nurses or physician's assistants to be working essentially as an agent of the doctor. In other words, there are States that permit the writing of prescriptions by a nontraditional practitioner like a nurse, but under an agreement or a protocol with a doctor or a physician. In those circumstances, under this rule, we are suggesting that, for example, the nurse practitioner would be registered under the medical doctor's registration number. We, by the way, would add a suffix to that number so we could identify that particular nurse practioner or physician's assistant.

PRESCRIPTION AUTHORITY UNDER DOCTOR'S REGISTRATION

Senator HOLLINGS. What is the practical result of that? If I am a doctor with malpractice and all these lawyers are coming around suing me, does this new rule encourage me to work with the nurse practitioners? Is it working to really certify the registered nurses or does it say, "Wait a minute. I better not participate in that because I have to pay $78 million under my insurance."

Judge BONNER. We need to look at the consequences. I am going to do that, Mr. Chairman, but I would suggest that the State, whatever State that might be, says that, "We are not prepared to give the prescription authority to a nurse practitioner or to a physician's assistant," for whatever reasons. "But we'll allow that where there's a protocol agreement and where that nurse practitioner is responsible to a medical doctor and is basically functioning as an agent of that medical doctor." It seems to me that all we are looking at is what the State law is in a particular situation.

We are being guided by the State law in this situation. Now, it is true that the State laws are not uniform in this regard, and, in fact, our Office of Chief Counsel at DEA has done a review, if the committee is interested in it, of the laws of each of the 50 States. Some States don't allow anyone other than medical doctors under any circumstances to prescribe drugs, and then there are some States that will allow a nurse practitioner under certain circumstances to have independent authority to prescribe and then the largest number of States fall into the hybrid area.

Senator RUDMAN. It is a very difficult issue because there are some good arguments on all sides. We have also heard from nurse practitioners from New Hampshire. Basically, I do not know if I agree or disagree. I don't know what the chairman's position is. I think you are basically on the right track, but I think you have to have some flexiblity as well. One of the problems is that the doctors, as the chairman points out, are somewhat reluctant to incur additional liability by a more formal association with the nurse practitioners. This may be particularly true in rural areas where the practitioners operate quite independently. So it is a problem that you have to address, but you ought to be sensitive in addressing it. You don't want to unnecessarily curtail the activities of these nurse practitioners who do very good work. I am sure that is not your intent. You obviously have a deep concern about who can prescribe drugs in this country and about tracking the use of drugs. We can spend all this money on combating illegal drugs, but if we cannot track the distribution of legal drugs, then we have got a serious problem.

Senator HOLLINGS. I would like to emphasize, if you want to know my position, I lean toward the nurse practitioners. As the cat said in Alice in Wonderland, "We have got to see where we are before we see where we are headed." You come in with a regulation that has no reflection as to where we are. And where we are, these nurse practitioners are doing their job, they have proven their worth in the delivery of health care, and then when you put in a regulation that arrests or stultifies it and then prohibits it, then all of a sudden you have not only got it in a drug thing; you have got it regularly with respect to the delivery of that care.

Let me put in the record the letter here from the South Carolina Nurses Association. We will include that in the record. We will be working with you on it.

[The information follows:]

LETTER FROM JUDITH CURFMAN THOMPSON, EXECUTIVE DIRECTOR, SOUTH CAROLINA NURSES' ASSOCIATION

APRIL 5, 1991.

Honorable ERNEST F. HOLLINGS,
Senate of the United States, SR125
Washington, DC.

DEAR SENATOR HOLLINGS: The South Carolina Nurses' Association would like to call to your attention a matter which, we believe, is of great importance to health care delivery in the United States—the proposed changes in the issuing of "DEA Prescriptive Numbers" to Nurse Practitioners and Certified Nurse Midwives.

We believe that the full implementation of the proposed regulations, entitled "Definition and Exemption of Affiliated Practitioners" (Federal Register, February 4, 1991) would be a serious step backward in the delivery of health services by qualified health care providers.

The Nurse Practitioners and Certified Nurse Midwives of South Carolina are currently working together toward obtaining prescriptive authority to enable their practice to be able to deliver needed services to South Carolinians. To say that this has been an uphill battle is an understatement. The proposed DEA regulations have an extremely chilling effect on our efforts here in South Carolina.

Over the past two years in South Carolina, three very interesting groups of citizens and health professionals have met to consider one of the most pressing issues facing health care delivery, the issue of health services to rural areas of the state. Each of the groups had as part of its conclusions a statement recognizing the need to expand the use of Nurse Practitioners, Certified Nurse Midwives, and Physicians Assistants. As a part of the recognition of the need to expand the use of these practitioners, each group also recognized that the current laws and regulations concerning Nurse Practitioners do nothing which promotes the use of these practitioners. Indeed, the current laws and regulations may hamper the expanded use of these health care providers. Among the unsettled issues is the authority necessary for Nurse Practitioners and Certified Nurse Midwives to write and sign their prescriptions as health care providers. The lack of this authority slows down service to consumers and adds inappropriate restriction to the practices of these practitioners.

We are really heartened by your continuing interest in the practice of Nurse Practitioners. The many and varied health care needs of South Carolinians are legion. Most of these needs could be met by the expanded use of Nurse Practitioners in South Carolina. While the DEA proposals do not affect us as our laws currently stand, they certainly do not assist us in planning for the future changes which are necessary in nursing laws and regulations.

It certainly would be our recommendation that the DEA's proposals not be allowed to be enacted as proposed.

Thank you for your continuing efforts to assist in improving health care services in our state and nation.

Sincerely,

JUDITH CURFMAN THOMPSON.

DEA TRAINING AT QUANTICO

Senator HOLLINGS. I understand you are not calloused toward the problem, but I think in that regulation, we have really taken a step backward. I will just ask you one more question and then yield to Senator Rudman.

Judge BONNER. We will look at it, Mr. Chairman.

Senator HOLLINGS. Thank you. With respect to the training center, we talked informally, Judge Bonner and I, and you can talk fully on the record, judge, relative to a new training center. As I understand it, the Drug Enforcement Administration leans toward the expansion of facilities at Quantico. Having listened to all sides, Treasury and otherwise, as to where to increase it, I then get a letter from OMB, and I would lean toward Quantico myself, but to quote the letter, "Based on DEA, FBI, and local and State training estimates contained in the 1992 President's budget, it has become clear that there is not a space shortage at Quantico which would necessitate additional construction at this time."

The full letter to our committee here is from Janet Hale, Associate Director for Economics in Government, and an identical letter was sent over on the Judiciary Committee side to Senator Heflin and Senator Shelby. We will include that letter and furnish you a copy. I just saw it this morning.

I wasn't trying to set you up; I was just trying to find out what your thoughts are and whether we are going to have to expand those facilities. We are in a cramped situation, but let me let you comment and elaborate.

Judge BONNER. Frankly, I am astonished by that letter, and I have not received it myself. I will tell you why I am astonished, and that is because based upon the assessment of both DEA and the FBI combined, we are going to be approximately 37 percent over capacity at the existing academy down in Quantico.

Senator HOLLINGS. Don't be astonished. I listen to this crowd regularly in the Budget Committee, and we are going to have 3.8 percent growth this year and then have 5 percent loans in housing here in 3 years. Isn't it wonderful? Here is the letter.

[The information follows:]

LETTER FROM JANET HALE, ASSOCIATE DIRECTOR FOR ECONOMICS AND GOVERNMENT, OFFICE OF MANAGEMENT AND BUDGET, EXECUTIVE OFFICE OF THE PRESIDENT

APRIL 8, 1991.

Honorable ERNEST F. HOLLINGS,
Chairman, Subcommittee on Commerce, Justice and State, the Judiciary and Related Agencies, Committee on Appropriations, United States Senate, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter regarding potential Drug Enforcement Administration (DEA) training center sites. Please accept our apologies for this tardy response, but we have been seeking to resolve differences between information provided by the Departments of Treasury and Justice.

Your letter states that it is essential that an objective study, free of institutional or jurisdictional disputes, be conducted. We concur and have been working with the Departments of Treasury and Justice to ensure an objective outcome. Based on DEA, FBI and State/local training estimates contained in the 1992 President's Budget, it has become clear that there is not a space shortage at Quantico which would necessitate additional construction at this time.

As I am sure you appreciate, this has been a difficult issue for us all. If we can be of additional assistance, please feel free to call.

Sincerely,

JANET HALE,
Associate Director for Economics and Government.

OVERCROWDING AT QUANTICO

Judge BONNER. Mr. Chairman, if we are not overcrowded down there, then I would like to know why this year—forget next year where we are going to be 37 percent over—has been restricted primarily to basic agent training at Quantico. We have not been able to do any of our international training, that is, training of foreign law enforcement officials; we have not been able to do any of our State and local training in the drug enforcement area at Quantico because of space limitations there. We have had to reduce our training for basic agent training at Quantico from 14 weeks to 12 weeks and increase our class size from 32 to 50, which is the maximum you can get into the classrooms down there. DEA has done all those things because there is currently a significant space shortage at Quantico to accommodate both DEA and FBI's legitimate training requirements, things that DEA certainly ought to be doing and things in the training area that the FBI has to do. So it is not a question of next year, where we are going to be projected to be 37 percent over capacity in terms of DEA's and FBI's training needs. We are already over capacity at Quantico.

Senator RUDMAN. Judge, you know, I agree with you. Here is a statement. This is on stationery of OMB. It is signed by Janet Hale, Associate Director for Economics in Government, and here is what it says. I am just going to read what the chairman underlined, to get to the heart of it. "Based on DEA, FBI, and State and local training estimates contained in the 1992 President's budget, it has become clear that there is not a space shortage at Quantico which would necessitate additional construction at this time," period.

That statement is incorrect.

Judge BONNER. Based on everything I know, both in terms of what the projections are and what the current situation is, that is rubbish.

Senator RUDMAN. It is not only incorrect for the future; it is incorrect for the present.

Senator HOLLINGS. Present, for the moment.

Senator RUDMAN. I intend to have a chat with Mr. Darman this afternoon about people who write letters to this committee without adequate information.

Senator HOLLINGS. We will burn a copy or several copies.

Senator RUDMAN. We will burn it.

Judge BONNER. Literally burn it. [Laughter.]

Senator RUDMAN. You may hear from OMB about this later.

OTHER PROBLEMS WITH ADMINISTRATION ESTIMATES

Senator HOLLINGS. This is consistent. This is the agency that tells you that we are reducing the deficit $500 billion over 5 years; that we are headed in the right direction. That very same agency says, on part II, page 294, that, "We are increasing the debt limit from $3.1 trillion to $4.1 something trillion in 18 months, by 1993." So we are going to spend, you know, to get us by the election.

Between now and the election, we are going to add $1 trillion on as we are reducing it. "We are going to add $1 trillion to the debt, and don't worry about it." This is par for the course.

Senator RUDMAN. That is just new math. You don't understand new math, Mr. Chairman.

Judge BONNER. Let me also indicate that the 37 percent overcapacity assumes that all the training that DEA needs to do in the area of basic agent training, advanced, and in-service training, the training of State and local law enforcement in drug enforcement techniques, and international training, which is also important, is done at Quantico. Obviously, we can do this in hotels. We are doing this in hotels now. It is extremely expensive to do that. I mean, we are doing this training, but it would be desirable to have a training facility there and to do it in a training facility rather than doing it out of hotels in Arlington or elsewhere.

NEED FOR NEW FACILITIES AT QUANTICO

Senator HOLLINGS. Would a new dormitory at Quantico satisfy DEA's needs?

Senator RUDMAN. I thought that was what this was all coming down to, from what we heard.

Judge BONNER. It is for training facilities. We have the land. The Marine Corps has given the Attorney General the land. It is adjacent to the existing FBI Academy, so that is already taken care of. What we need, I think, and perhaps I want to get back to the committee on this, is dormitory space, obviously; we do need some classroom space. There is probably going to be a need for a cafeteria as part of this, because the existing cafeterias down there are extremely overcrowded as it stands right now. But that is basically what we are talking about, a facility in which DEA could do the classroom training of its own people, including basic agent training, advanced or in-service training, none of which we can do at Quantico now. We have not been doing it, even this year; the international training; all of the training needs. This facility is what we are looking for, and for a lot of reasons I think I have indicated to this committee, it seems to me that it makes the most sense to do that at Quantico, expanding the existing academy there and building this facility.

Mr. GREENE. Our landlord is FBI there, and they told us that in 1990 that we will only have basic agent training starting in 1992.

Senator RUDMAN. This is why I just find this letter incomprehensible. I have seen a lot of OMB letters that I have disagreed with, but this one is just absolutely incomprehensible on the facts that they know and they have been told, and so I am going to talk with Mr. Darman this afternoon and tell him what I think of his letter.

Senator HOLLINGS. Under Gramm-Rudman-Hollings, we are going to have a balanced budget by 1991. We are spending $400 billion more than we are taking in.

Senator RUDMAN. Just be patient, Mr. Chairman. Just be patient.

Senator HOLLINGS. Let me yield to Senator Rudman.

CHEMICAL DIVERSION

Senator **RUDMAN.** I don't have a lot of questions. We have already covered many issues. Regarding the Chemical Diversion and Trafficking Act, you want $3 million to continue implementation of the act. How effective has the act been? Are you seeing any progress?

Judge **BONNER.** I think we are seeing progress on that. We have, certainly, a ways to go. There are two areas of progress. One of them is that the Chemical Diversion and Trafficking Act has been, in my judgment, helpful in reducing the number of clandestine laboratories in the United States, meth labs, for example, and that is because of the requirements for greater identification of the individuals who are buying the precursor chemicals.

But looking at the international issues, which are more difficult, we have certainly been successful under the act in terms of identifying companies in Latin America, for example, Colombia, that we believe have been diverting essential chemicals like MEK and so forth for cocaine production.

We are working with our counterparts in Western Europe and elsewhere in formulating agreements and to make sure that all of the major chemical suppliers of the world are on board in terms of having chemical control legislation, particularly export control. Because when you get right down to it, this will work, but the chain is no stronger than the weakest link.

Senator **RUDMAN.** We understand you are working on that. Your submission includes a request for six positions to implement the foreign portion of the act. How cooperative have foreign governments been?

Judge **BONNER.** We are make progress in our sessions, but it is painfully and glacially slow when you are dealing with other countries and persuading them of the importance, even Western European countries, who are now being hit by an onslaught, an avalanche of cocaine in Western Europe, that it is in their own interest to develop regulations and laws to control the export of the essential chemicals to produce that.

Senator **RUDMAN.** Do you do this directly, or do you work through the State Department?

Judge **BONNER.** We do it directly. I mean, we are working with State, but in terms of our own diplomatic efforts, we have set up conferences on this in Latin America through the Organization of American States. We are participating in the chemical action task force, which is addressing this issue that arose out of the meeting in Houston of the G–7, which has participation of about 20 to 25 nations. Progress is being made.

Senator **RUDMAN.** You have requested funds to purchase 222 portable computers to help your investigators deal with the incredible amount of calculations they make during chemical diversion investigations. I would expect that would make your manpower more effective. You might even see personnel savings if you had better automation; is that correct?

Judge **BONNER.** Yes; I think that is correct.

Senator RUDMAN. Instead of having to go through 15,000 records manually and analyzing them manually, this would give you more effective use of manpower.

Judge BONNER. I don't think there is any question about it. As you know, we are, among other things, monitoring and regulating on a cyclical basis the pharmaceutical manufacturers and wholesale suppliers and so on.

DNR RECORDERS

Senator RUDMAN. Tell us about the $1 million that you want to replace 200 dialed number recorders [DNR's]. I understand the new services that the phone companies are offering, something called CLASS, customer local area special services, renders DNR's useless; is that right?

Judge BONNER. I think we are talking about Pen registers, aren't we?

Senator RUDMAN. Yes.

Judge BONNER. Senator, I don't have the technical ability to answer that.

Senator RUDMAN. Will you answer it for the record, then?

Judge BONNER. I will answer it for the record. Let me ask Mr. Greene.

Senator RUDMAN. I don't want to see us spend $1 million and then have the phone company develop a new service which overrides your equipment.

Mr. GREENE. That is exactly why we want this equipment. This equipment that we are asking for will override it.

Senator RUDMAN. It will override it?

Mr. GREENE. That is the purpose of it. We can block out the number called on some of our undercover activity, where we will dial and they won't have our number. That is specifically what it is for.

Senator RUDMAN. So essentially, what the new equipment is going to do is give you security as to the origination of the call; is that correct?

Mr. GREENE. Yes.

CLANDESTINE LABORATORY SEIZURES

Senator RUDMAN. OK. On the lab seizures, probably my last question, you are down from 852 in 1989 to about one-half that number, about 451 in 1990, and you estimate that the seizures will total around 500 this year. How do you account for the decline in seizures? Are we reclassifying labs? What are we doing?

Judge BONNER. I think we are down on that. First of all, as you know, that group consists of clandestine labs.

Senator RUDMAN. Maybe there is no answer.

Judge BONNER. Over 80 percent of the clandestine laboratories which manufacture synthetic drugs manufacture methamphetamines. This is not exclusive. There is ecstasy; there are hallucinogens and other illegal drugs that are synthesized and manufactured, but the bulk is methamphetamine.

I think in part we are down in terms of lab seizures because more and more of these mom-and-pop bathtub meth lab chemists are out of the business. They are out of the business because of the Chemical Diversion Act and also, the States. Many States have enacted some legislation that controls precursor chemicals better. It is still a big problem, though. If you look at dosage units, what I think you are seeing is the larger meth lab operators and distributors are smuggling in precursor chemicals, in some instances, and that sort of thing. So, you still have a very big and significant problem when it comes to clandestine manufacturing of things like methamphetamine. I think we are making some progress on getting some people out of the business, but it is still, in terms of dosages units manufactured, it may well be as high if not higher than it has been before.

Senator RUDMAN. All right. Finally, will you get back to the committee for the record on this issue of a training center. And try to get some sense between the Justice Department and the OMB as to this letter.

Judge BONNER. Yes; I will do so.

CREATION OF AN IRS FORFEITURE FUND

Senator HOLLINGS. Quickly, judge, on the IRS, I understand over at Treasury they are going to be asking for separate IRS forfeiture funds from drug seizures. This, again, would stultify, in some sense, the money laundering cases we have the activity and the enforcement, as I see it. Did you hear about this, and can't we let them share in it, like all the rest? In other words, as long as you have got the shared fruits of your labor, then you are going to be sharing, but if you don't start setting up separate funds for those with money laundering and IRS and then something over here for the FBI, that is going to fragment it and then you are going to break down that unison of action.

Senator RUDMAN. You have competition as well.

Senator HOLLINGS. Yes; that is right.

Judge BONNER. I don't think there is any question that fragmentation will result here, because I believe it is Senator DeConcini's bill, that would establish a new Treasury Department fund, and also give title 21 seizure authority to IRS and ATF. What that bill would do is break down some mechanisms for coordination of drug cases and drug investigations, and frankly, I am concerned with anything we do that adds to greater fragmentation and greater competition between Federal agencies, unseemly disputes over cases because they may be perceived going in as having greater money or assets seizure potential. I am very troubled by that, and this kind of greater fragmentation leads to taking away one of the coordination mechanisms. What we have right now—DEA has with the IRS, we have with the ATF—is a mechanism whereby we get notifications; we have some responsibilities for coordinating their efforts when they do touch either drug-related assets and the forfeiture of them or in drug-related investigations.

DIFFICULTIES WITH MULTIPLE FORFEITURE FUNDS

Senator RUDMAN. Wouldn't one of the problems be that from the local point of view, you are going to start forum-shopping amongst local law enforcement? They are going to decide, "Which of these agencies do we want to deal with? Who can we get the better deal from?" You will have a bidding war going on as to which case the New Hampshire State Police decides on. Are they going to go to the IRS, the Treasury, to DEA? To me it seems very damaging, and I would hope that the administration would come out against it.

Senator HOLLINGS. If you see Darman, I hope you talk to him about it.

Judge BONNER. Senator Rudman, let me say that this would have a greater effect in that direction. We already have that built in by virtue of a Department of Justice forfeiture fund and a Customs asset fund that I think you are well aware of. Quite frankly, I think the proposal of the Justice Department that we have simply one U.S. Government asset forfeiture fund—I think it ought to be under the Attorney General—just one fund for drug-related asset forfeitures. I think it was a mistake, in my judgment, although for historical reasons, I am sure that it might have seemed good and sufficient at that time, that we ended up with two funds, but now to create yet another fund would cause fragmentation of the U.S. agencies like the IRS and ATF and other Treasury agencies. Giving them title 21 seizure and forfeiture authority would also be a great mistake, in my opinion.

NATIONAL DRUG INTELLIGENCE CENTERS [NDIC]

Senator HOLLINGS. And finally, educate this committee relative to drug intelligence gathering. We have got a center in El Paso; we now have one in Johnstown. This committee was led to believe that we didn't need a second one on the one hand, and we certainly didn't have the money. So as a result, it is over in Defense. Tell us about it, as to the need and effectiveness, or do you or do you not support it? Or what should we know about it as we deal with the appropriation for the El Paso center? Will they duplicate anything at El Paso?

Judge BONNER. Well, I don't anticipate——

Senator HOLLINGS. Let the record show a deep breath. Thank you very much. [Laughter.]

Judge BONNER. I think it is audible.

Senator HOLLINGS. Very good.

Judge BONNER. I don't anticipate that a Johnstown NDIC is going to have any effect on the existing functions of the El Paso Intelligence Center, which, as this committee is aware, includes the development of tactical drug intelligence, the development of drug intelligence that is useful in terms of drug movements and trade groups of drugs that are headed for or entering the United States. So I don't anticipate that it is going to have any direct impact on that. But I can't tell you the precise purpose or function of the Johnstown NDIC. I have been told, or I assume that the way it will evolve is, it will be directed toward national and international drug intelligence of a strategic drug intelligence nature.

Senator HOLLINGS. Who has the authority for the administration of the Johnstown center? Is that under you?

Judge BONNER. No; it is not under me, but the present status of the matter, as I understand it, is that there are discussions ongoing between the Justice Department and the Department of Defense, because, as you know, the funding went through DOD. DOD has a certain amount of money, and has been given directions to start a national drug intelligence center in Pennsylvania. There are certain legal impediments with DOD being able to actually run a drug intelligence center that involves collection of intelligence or information on U.S. citizens. So, as I understand it, there are some discussions between the Justice Department and DOD to, first of all, develop an organizational framework that would be lawful.

Senator HOLLINGS. You are not involved in those discussions?

Judge BONNER. I am not directly a part of them, not at this time. So once that is resolved, then I think we will get to step two, and I think that is who is going to be the director of the drug intelligence center at Johnstown.

Senator RUDMAN. Who will that person report to?

Senator HOLLINGS. Exactly.

Senator RUDMAN. And if they report to somebody other than you, then it is a farce, as far as I am concerned.

Senator HOLLINGS. Yes.

Senator RUDMAN. But you didn't request it, so it is really not your problem.

Judge BONNER. I am unusually silent.

Senator HOLLINGS. That is a good answer.

Judge BONNER. To answer your question.

Senator RUDMAN. It wasn't a question. It was a statement.

Senator HOLLINGS. Very good. Very good. Thank you. Did you wish to add anything further to the subcommittee? We appreciate it.

Judge BONNER. I don't have anything further. Do you, Steve?

Mr. GREENE. No, sir.

ADDITIONAL COMMITTEE QUESTIONS

Senator HOLLINGS. We will be submitting some additional questions from myself and from other Senators which we would like for you to answer for the record.

[The following questions were not asked at the hearing, but were submitted to the administration for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR ERNEST F. HOLLINGS

Other Funding Sources

QUESTION: I understand that DEA's appropriation is being supplemented by other appropriations to an increasing degree. From within the Department of Justice, these include the Organized Crime Drug Enforcement and Asset Forfeiture Fund appropriations. At what level of funding is DEA being supplemented by appropriation accounts outside the Justice Department in 1991 and what level is planned in 1992?

ANSWER: DEA estimates that it will receive $15 million in reimbursable funding from other Government agencies in 1991 and $5.5 million in 1992.

QUESTION: What goods and services is DEA providing to earn reimbursements?

ANSWER: For 1991, principal reimbursements include:

(1) Department of State: training in drug law enforcement for foreign police officials.

(2) Office of National Drug Control Policy (Special Forfeiture Fund): upgrade of computer support to the El Paso Intelligence Center (EPIC) to enhance EPIC's support to the drug enforcement community.

(3) Department of Defense: installation of radio equipment in DEA field divisions to ensure compatibility with all Federal drug law enforcement agencies (Communications Interoperability Working Group).

For 1992, DEA's principal reimbursements include continuation of DEA's ongoing relationship with the Department of State for international training and assistance to the Department of Defense in a variety of drug-related research projects. DEA does not anticipate any continuing funding from the Office of National Drug Control Policy or the Communications Interoperability Working Group.

QUESTION: Are any of the funds transfers among appropriation accounts?

ANSWER: Reimbursements are not transferred between appropriation accounts. However, in addition to the reimbursements listed above, DEA anticipates receiving a transfer from the Department of Defense in 1991 of $20 million for counter-narcotics intelligence activities.

QUESTION: What relationships are being fostered among DEA and these reimbursement providing organizations?

ANSWER: DEA generally has had a strong and productive relationship with all those agencies with which it has entered into reimbursable arrangements.

QUESTION: Are these funds for one-time items or are you building up a long term financing relationship dependent on continued financing from sources outside the Justice Department?

ANSWER: Generally, DEA's reimbursements are for a one to two year period. The major exception is the reimbursement from the Department of State for training of foreign police officials, which is an ongoing arrangement.

High Intensity Drug Trafficking Areas (HIDTA's)

QUESTION: In 1991, DEA was provided funding and authority to add two new Agent groups consisting of 15 agents per group in each of the five High Intensity Drug Trafficking Areas (HIDTA's). Have these ten groups of agents been recruited, trained and placed in the field?

ANSWER: DEA is currently in the process of hiring and training these agents. By the end of the fiscal year, all of these agents will either be assigned to DEA offices, or in the training process.

QUESTION: What do these 150 HIDTA agents do that is different from the agents working on domestic enforcement on OCDE cases in the HIDTA areas?

ANSWER: DEA does not have HIDTA agents. However, DEA has placed additional agents in HIDTA areas to support the HIDTA strategies in each of the areas. There is no particular difference in the duties of a DEA Special agent when they are assigned to a domestic office, whether its under a Domestic Enforcement, OCDE, or HIDTA initiative. A DEA agent may work on a domestic case that could turn into an OCDE case. Although the agent may receive assistance from others if the case were to become OCDE, he or she would stay with that case until its closing.

QUESTION: What level of funding has DEA received from the Office of National Drug Control Policy (ONDCP) in 1990 and 1991 and what level do you expect to receive in 1992 for the HIDTA initiative?

ANSWER: In 1990, DEA received $8,516,000 in reimbursable funding from ONDCP. For 1991, a final decision on the amount of funding is still pending. However, the current request before ONDCP includes $9,748,000 for the four metropolitan HIDTA's and $1,600,000 for the Southwest Border HIDTA.

HIDTA funding requirements for 1992 have not been formulated. Both 1990 and 1991 funding includes initial one-time start up costs for HIDTA initiatives; therefore, the 1992 funding requirement will be to maintain these initiatives at a current services level.

QUESTION: What are the ONDCP HIDTA funds DEA receives used for? What measures of success can DEA demonstrate in its HIDTA initiatives? Do these differ in any significant way

from your efforts in other domestic enforcement, OCDE or State and Local Task Force program initiatives?

ANSWER: HIDTA funds have been used to initiate task forces in three metropolitan areas -- Miami, Houston, and Los Angeles. These task forces consist of DEA, other Federal agencies, and State and local agencies. Funds for the New York and Southwest Border HIDTA's have been used to enhance investigative and intelligence activities through the acquisition of equipment and basic operating needs.

Because the program has just been started, it is difficult to determine any long-term success, but initial reports show a very cooperative effort among Federal, State, and local law enforcement agencies in pursuing high-level trafficking cases.

These efforts do not vary significantly from those of OCDETF or State and local task forces. Many of the cases initiated by the HIDTA task forces will become OCDETF cases. The HIDTA task forces will differ from State and local task forces in that additional Federal agencies will be involved in the HIDTA task forces.

Operation SNOWCAP

QUESTION: Are the same level of resources provided by Congress in 1990 and increased in 1991 for Operation SNOWCAP planned for use in SNOWCAP in 1992? Operation SNOWCAP was billed as being capable of cutting the cocaine supply by 50 percent in about four years from the start of the operation. How close to this goal have you reached half way through 1991? Where will you likely be by the end of 1992?

ANSWER: Other than mandatory increases, DEA is not requesting additional resources for Operation SNOWCAP in 1992.

When Operation Snowcap was initiated DEA established a program goal of a 50 percent reduction in the amount of cocaine entering the United States. However, this may not be the best indicator of effectiveness, particularly since estimates of cocaine entering the country are not reliable.

DEA believes that other indicators, such as the wholesale price and purity of cocaine, are reliable indicators, not of total success, but of disruption in the cocaine trade. Changes in the price and purity of cocaine have affirmed, at least temporarily, that serious market disruptions have taken place.

Since 1987, SNOWCAP operations have resulted in the seizure of more than two million kilograms of non-liquid chemicals and one million liters of liquid chemicals. In 1990 and the first quarter of 1991, 159 cocaine base laboratories were destroyed in Peru, 18 cocaine HCl laboratories were destroyed in Bolivia, and 424 violators were arrested as a result of SNOWCAP operations. Such accomplishments affect both the availability and cost of transporting cocaine to the United States.

DEA is also assessing the effectiveness of Operation Snowcap's ability to make source countries more self-sufficient in attacking cocaine processing labs and trafficking groups. Also, recent intelligence reports indicate that the price and purity fluctuations of cocaine in 1990 were, in part, due to interdiction efforts in the source countries.

Foreign Task Forces

QUESTION: In terms of the DEA's foreign presence, is DEA involved with any comparable foreign task force efforts that are analogous to the OCDE Task Force efforts in this country?

--Are other U.S. Government agencies involved in such drug enforcement efforts with DEA overseas?

--Is there any interest on the part of foreign governments in either supplier, transshipment, or supply destination countries to engage in the type of Task Force efforts we have found successful in this country?

ANSWER: DEA overseas efforts are directed towards encouraging, advising, and assisting host country governments in the development of illicit drug supply reduction efforts. DEA's activities involve nurturing informants and developing other intelligence leads. It is these efforts which lead to cooperative arrests and drug removals in the host countries. In some instances, DEA's efforts are augmented by resources--including personnel--from other Federal agencies such as the U.S. Customs Service, the Department of State, or the Department of Defense.

The participation of other agencies does not resemble the integrated cooperative working agreement consolidated in the Organized Crime Drug Enforcement Task Force (OCDETF) Program. The function of DEA's overseas program is essentially liaison, training, and intelligence gathering and as, such, is fundamentally different from the function of OCDETF. OCDETF is a domestic, drug enforcement operation. Its mission goes well beyond intelligence gathering. Its function is to pursue investigations, arrest traffickers, and make as strong a court case against the trafficker as possible.

Measures of Effectiveness

QUESTION: It is a long standing problem that no one knows the quality of illicit drugs being produced or cultivated; only estimates of what is being produced or cultivated are available. This, by itself, leaves open to question how effective the various drug programs operated by the federal government are.

1.How much reliance can be placed on these estimates of production and cultivation? Have the techniques used to develop these estimates been subjected to independent verification? What improvements have been incorporated to make the estimates more reliable?

2.Does DEA use these estimates to measure the effectiveness of its drug programs? How does DEA use these estimates to determine the effectiveness of its efforts? If DEA does not use these estimates, what does it use? If DEA uses prior year's results, what is the basis for reliance on these results?

3. How does DEA measure the success of its overall operations?

ANSWER: Every year 12 Federal agencies participate in production of the National Narcotics Intelligence Consumers Committee (NNICC) Report. This report, published by DEA, estimates the prior year's production and distribution of illicit substances. A primary source for NNICC Report is the Department of State's annual International Narcotics Control Strategy Report (INSCR).

The estimates of illicit drug cultivation contained in these reports are reliable. The U.S. Government has for more than a decade estimated the extent of illicit drug cultivation using proven methods similar to those used to estimate licit crops both at home and abroad.

Estimates of illicit crop yields and production are less reliable. This type of information is inherently difficult to ascertain given the inaccessibility of growing areas. Soil conditions, weather, enforcement operations, and other factors will impact on crop yields. The INSCR estimates that crop losses may run anywhere from a tenth to a third (or more).

Measurements methodologies are continuously revised and updated. Field studies during the last two years give greater credence to coca yield estimates. The newly found ability to distinguish between smokeable and non-usable marijuana in Mexico has significantly altered estimates of the Mexican cannabis crop yield.

DEA uses production and cultivation estimates as part of a larger package of illicit drug trend indicators. Cultivation and production estimates are considered along with many other factors (i.e.: wholesale and retail price and purity levels, numbers and class of arrests, assets seized, etc.), in determining the success of DEA programs and operations.

Marijuana Eradication

QUESTION: The United States is a major marijuana producer. DEA is an active participant with other Federal, State, and local law enforcement agencies in the eradication of marijuana. According to the February 1991 National Drug

Control Strategy, the Administration is seeking $15 million in 1992 to continue eradication programs. On page 29 of the strategy it also states that in 1990 the DEA Domestic Cannabis Eradication/Suppression Program resulted in the eradication of 7.3 million cultivated plants, 5,729 arrests, and nearly $39 million in seized assets. The eradication of 7.3 million plants represented a 30 percent increase over the number of plants eradicated in 1989. It appears that program effectiveness in this instance is measured against prior year's results. This would be a good basis for measuring the effectiveness of this program if you could be assured that the number of marijuana plants cultivated in 1990 did not increase over the number cultivated in 1989.

How successful has DEA's program been? What are the estimates of Cannabis production in his country? Has Cannabis production in the United States increased?

ANSWER: According to the National Narcotics Information Coordinating Committee (NNIC) Report for 1990, from 5,000 to 6,000 metric tons of marijuana were estimated to have been cultivated in the United States in 1990. The same estimate is used for 1991.

Considering that a marijuana plant produces an average of one pound of marijuana in a single year and that DEA's program resulted in the eradication of 7.3 million plants, DEA's domestic cannabis eradication program effectively eradicated 7.3 million pounds of marijuana (3,650 tons) which is between 60 and 70 percent of the NNIC's estimated total production. In this respect, DEA's program has been very successful.

QUESTION: Is the United States a source country exporting marijuana?

ANSWER: DEA has no concrete evidence to suggest that the United States is exporting marijuana. However, American-grown sinsemilla is the highest quality marijuana in the world. It is the preference of domestic users. Without adequate control on domestic marijuana cultivation and trafficking, the United States could become a marijuana exporting country.

QUESTION: Are there any alternative policies that should be considered given that eradication of illegal drug producing plants in foreign countries has not been effective?

ANSWER: Although some foreign eradication programs have been successful, such as Colombian and Jamaican marijuana programs, DEA continues to examine and encourage suggestions for alternative policies to foreign eradication. At this time, however, DEA has no additional policy recommendations on this matter.

QUESTION: How does DEA account for possible increases in production quantities in measuring the effectiveness of this program? With other programs?

ANSWER: DEA has found that there is not a significant increase in the amount of marijuana produced domestically, but there is a significant increase in the quality of domestic marijuana. This increase in quality is due to a higher level technology used in growing marijuana.

The enhanced sophistication of marijuana growers is also making it more difficult for law enforcement officers to locate growing centers as many of them have moved indoors or underground. For the program to continue to be effective, DEA and other law enforcement agencies must be able to locate the indoor and subterranean growing centers. DEA has seen success in the use of infrared technology, electric and water usage, and informants in locating hidden growing centers.

QUESTION: What is DEA's involvement in the eradication of marijuana and other crops used in the production of illicit drugs in foreign countries? Are any statistics available on the results of these programs? Please provide them for the record.

ANSWER: DEA is not directly involved in the eradication of illicit crops in foreign countries. DEA, however, does encourage foreign governments to pursue crop eradication and will assist in an advisory capacity if necessary. Colombia has had a marijuana eradication program and Mexico has initiated another marijuana eradication program, but no statistics are available on these programs.

Dismantling Large-Scale Drug Trafficking Organizations

QUESTION: One of DEA's primary responsibilities is the investigation of major narcotics violators who operate at interstate and international levels. Under the national drug control strategy, the dismantling of large-scale drug trafficking organizations is targeted as one of four overall goals. The strategy also concludes that task forces--with Federal, State, and local participation--provide the best means to go after drug trafficking organizations. There are many task forces nationwide, however, little is known about how these task forces interrelate with other federal and state investigative resources and how well we are progressing in dismantling drug trafficking organizations.

1. What is DEA doing to coordinate the interests of these task forces to ensure that we are systematically going after the largest drug trafficking organizations?

2. If we believe we are systematically attacking large drug trafficking organizations, where do we stand in each of the following areas:

a. identifying the trafficking organizations, e.g. how many are there now versus one or two years ago?

b. putting trafficking organizations out of business, e.g. how many trafficking organizations have had key operatives arrested, prosecuted, and convicted in each

of the last three years and how many trafficking organizations ceased operations?

ANSWER: Illegal drug trafficking is a very lucrative business. As one drug trafficking organization is shut down by successful law enforcement efforts, another will often replace it to fill the unmet demand for drugs. This makes the process of identifying, investigating, and arresting drug traffickers--and ultimately putting their organizations out of business--a very difficult one since the players are constantly changing.

Despite these difficulties, DEA has been very successful in arresting high level drug traffickers and dismantling major drug trafficking organizations. In 1990, DEA made 21,799 arrests of which 65 percent were of principal violators. Two good examples of DEA's success are the arrest of Luis Arce-Gomez and General Manuel Noriega. Luis Arce-Gomez, a former Bolivian minister and major cocaine trafficker is awaiting prosecution in Miami, Florida on cocaine conspiracy charges and General Manuel Noriega, former Chief of the Panamanian Defense Force, who used his position to aid and abet Colombian traffickers ply their drug trade through Panama is also awaiting trial in Miami, Florida. In addition, one operation in South America resulted in the dismantling of the Carmelo "Meco" Dominguez cocaine trafficking organization. Dominquez is considered to be one of Bolivia's trafficking "Kingpins."

Intelligence Centers

QUESTION: The 1992 National Drug Control Strategy (page 118) contained a statement that the Attorney General "will create and chair a Law Enforcement Drug Intelligence Council (LEDIC) to coordinate the development and prioritization of drug intelligence collection and analysis requirements for the Federal law enforcement agencies."

1. Has this council been established? Is DEA a participant? Who are the other members of the council?

2. What input, if any, has DEA provided or been asked to provide to the council?

3. How does DEA view the council's role in bringing together the various intelligence centers now in operation?

ANSWER: At the Attorney General's direction, Justice Department Staff are in the process of establishing the LEDIC. DEA will participate as will other members of the law enforcement community, the intelligence community, and the defense community. The DEA Administrator has participated in a series of meetings with other Department officials regarding the development of the scope and function of the LEDIC.

The Department views the role of the LEDIC as a coordination mechanism to prioritize drug intelligence collections and analysis requirements for the Federal Government. The

Department recognizes the specialized and limited responsibilities of federal drug intelligence centers. To ensure maximum effective use of limited drug intelligence resources, the LEDIC will work to enhance the integration of these organizational structures to collect, digest, and apply the large volume of relevant information being acquired concerning drug traffickers.

Chemical Diversion

QUESTION: Last year, in February and again in August, I held hearings in the Commerce Committee on the Chemical Diversion and Trafficking Act of 1988 (CDTA). This legislation has provided the DEA with an effective tool in combating the diversion of legitimate U.S. chemicals for use in the illicit manufacture of controlled substances.

At the August hearing, we learned that while U.S. chemical exports to Latin America had dropped, European chemical exports to Latin American countries had increased.

What efforts is the DEA making to assist foreign countries in establishing chemical diversion legislation similar to ours?

ANSWER: Collection of evidence in Colombia has shown that Europe and particularly the Federal Republic of Germany, has now become the main source of chemical imports. As a result of a combined campaign of evidence collection and technical diplomacy, the European Community recently passed a regulation to discourage the diversion of certain chemicals used in the illicit manufacture of narcotic and psychotropic substances. This resolution must be implemented by each European Community member nation by July 1991.

DEA has been instrumental in organizing the Chemical Action Task Force (CATF), an international body convened to address controls on commerce in precursor and essential chemicals used in manufacturing illicit drugs. DEA also assisted the Organization of American States in the preparation of Model Chemical legislation.

Finally, the United States has entered into bi-lateral chemical agreements with Peru (5/90), Bolivia (2/90), Panama (5/90), and Colombia (2/91). A similar agreement with Ecuador has been drafted (9/90) and is awaiting final approval.

QUESTION: Is the State Department or other cabinet departments involved in this effort overseas?

ANSWER: The Department of State, primarily the Bureau of International Narcotics Matters (INM), has been very involved in this effort. INM has participated with DEA in a number of trips to key countries in support of our diplomatic initiatives and have directed embassies in these countries to make presentations to host country officials on chemical control issues. In a joint effort with DEA, the Department of State's Office of Legal Advisor, Law

Enforcement and Intelligence Affairs Section, assisted in the development and provided on-going oversight in the negotiations of the bilateral chemical agreements.

While DEA has a lead role in the Chemical Action Task Force (CATF) due to its experience as the lead U.S. agency for chemical control, the CATF is being coordinated by the Criminal Division of the Department of Justice, with input from the Department of State, the Office of National Drug Control Policy, and United States Customs Service.

DEA Airwing

QUESTION: In last year's bill, we provided $10 million for a new DEA airwing facility in Texas. In your 1992 request, you proposed to hold onto $6 million for the airwing facility, for a total of $16 million over 1991 and 1992. Will DEA non-recur the $6 million in the 1993 budget or, will the Texas airwing facility cost more than $16 million?

ANSWER: The Architectural and Engineering study for the new airwing by the Army Corps of Engineers is not completed. An exact amount for the airwing construction cannot be determined until the construction contract is awarded in late 1991 or early 1992. DEA will recur $6 million of the $10 million appropriated in 1991. No other enhancements are anticipated beyond 1992.

QUESTION: The U.S. Marshals Service is leasing a new airplane hanger facility in Oklahoma City at a cost of $20 million ($1 million a year for 20 years). Was there any coordination between DEA and the Marshals Service before each went forward with separate new airwing facilities in adjacent states? Is there any chance a joint use facility at one of the two sites might have been constructed at less overall cost to the taxpayers?

ANSWER: The aviation mission of the DEA and the U.S. Marshals Service are vastly different. Different missions require different types of aircraft, maintenance and hangar facilities. The U.S. Marshals aviation program is charged with transporting prisoners, which requires large passenger transport aircraft. DEA's aviation mission includes surveillance, reconnaissance, and logistical support such as transportation of equipment and supplies. This requires a variety of different types and sizes of aircraft. The missions of the two aviation programs are not compatible enough to combine their facilities without a great deal of additional expense. Therefore, DEA and the U.S. Marshals Service did not coordinate the relocation of the respective aviation facilities.

Anabolic Steroid Abuse

QUESTION: Because of the serious side effects and questionable usefulness of anabolic steroid products introduced in the 1960's, most of them have been withdrawn from the U.S. market. However, in recent years, an increasing demand has developed, primarily by athletes and

body builders. In view of the limited availability of approved products, an illicit market has evolved. This market is supplied through diversion of legal products from domestic and international sources, smuggling, counterfeiting, and theft.

The problem of steroid abuse has grown to such an extent that Congress passed the Anabolic Steroid Control Act of 1990 which became effective in February 1991. This Act placed 27 anabolic steroids into Schedule III of the Controlled Substances Act.

What has DEA been able to accomplish in implementing the Act thus far?

ANSWER: DEA has been meeting with members of other Federal agencies involved in implementing the Anabolic Steroid Control Act including the Food and Drug Administration, the U.S. Customs, the U.S. Postal Service, the Federal Bureau of Investigation, and the Health and Human Services Inspector General.

DEA, as the lead agency in implementing the ASCA, has developed a Special Enforcement Program directed at steroid trafficking and active criminal investigations are currently underway. Also, the issue of steroids was a major focus of discussion at a recent DEA/Pharmaceutical Industry Conference.

DEA has planned an aggressive demand reduction effort targeting steroids. A Steroid Enforcement Conference will be held this summer to provide a forum for industry, scientists, and law enforcement. The Commissioners of Organized Baseball and the National Football League have been contacted to inform them of the new legislation and every major league baseball team will be visited this summer to further enforce the anti-steroid message.

DEA has placed an advertisement in the Scholastic Coaches Magazine informing high school coaches of the Act. In addition, DEA will provide a steroids presentation at the National Convention of Athletic Coaches Association meeting in June.

Finally, DEA will host a workshop in October at the Annual Conference of the International Association of Chiefs of Police.

QUESTION: What do you anticipate to accomplish this year?

ANSWER: DEA will begin on-site visits to steroid manufacturers, distributors, importers, and exporters as they are identified to: conduct security inspections; obtain authentic samples (manufacturers only); establish a Federal presence; and establish liaison for possible future leads. DEA will also schedule firms registered to handle steroids for cyclic investigations in 1992.

DEA will continue its liaison with its Food and Drug Administration, U.S. Customs, and Postal Inspector counterparts at Headquarters and in the field for the purpose of information sharing and joint targeting.

Finally, DEA's foreign offices have been directed to develop information on production, commerce, and abuse of steroids in their host countries.

QUESTIONS SUBMITTED BY SENATOR DALE BUMPERS

Rural Areas

QUESTION: Drug enforcement efforts, including those of the DEA, have been concentrated in large urban areas. For example your Drug Enforcement Task Forces are based in 11 of America's largest cities. I have worked to see that a greater share of those resources be employed in rural areas. Last year, I was encouraged to see efforts to revitalize DEA's Rural Area Drug Enforcement Strategy. Please tell me about the success of that strategy, and other efforts DEA is making to combat the drug problem in rural areas and small communities.

ANSWER: In 1991, DEA placed one-third of its Special Agent enhancement in small to mid-size cities. We plan to continue this level of support with future enhancements, at a minimum. In addition, DEA accomplishes local area coverage, as best we can, through the State and local task force program.

Demand Reduction

QUESTION: Mr. Bonner, your mission as Administrator of DEA is one of enforcement and interdiction, but as we know, that is only half of the equation. What improvements do you believe can be made in our efforts to reduce the demand for illegal drugs in this country?

DEA was created to respond to the persistent problem of drugs entering this country, or being manufactured here and being distributed. Who are the counter parts of the DEA on the demand side of this problem? How can efforts at drug education and treatment aid the efforts of DEA?

ANSWER: Improvement in demand reduction efforts requires a renewed dedication to drug education. The message must be spread to families, schools, workplaces, and communities. Everyone -- especially school children --must be made aware of the dangers of illicit drug use.

A related message must be that drug users will be held accountable for their actions. "Casual" users, more than addicts, bear responsibility for the spread of drug use by perpetuating the myth that you can use drugs and maintain your grades, job, or family. It cannot be forgotten that addicts begin as casual users.

DEA undertakes its own efforts at demand reduction. Through the Sports Drug Awareness and other programs, DEA takes its message directly to youth, coaches, and parents. But the agency's primary role is supply, not demand reduction and DEA defers to its counterparts at the Departments of Education, Health and Human Services, Labor, and elsewhere to disseminate the demand reduction message and to provide drug treatment throughout the nation.

QUESTIONS SUBMITTED BY SENATOR WARREN RUDMAN

Operation SNOWCAP

QUESTION: Operation Snowcap has been central to the Administration's anti-drug strategy in Latin America. It has involved efforts to reduce the amount of cocaine from Latin American source countries -- primarily Colombia, Bolivia and Peru -- by inducing source countries to participate in crop eradication, destroying cocaine laboratories, blocking the delivery of chemicals used for cocaine processing and dismantling drug trafficking organizations.

What resources are being devoted to Operation Snowcap, and what is the focus of the operation?

ANSWER: DEA usually maintains a temporary Agent deployment of approximately 16 in Bolivia, and seven in Peru. In addition, we maintain a pool of 85 Special Agents who are trained and ready for an assignment in-country. Snowcap's budget for 1991 totals $6.6 million; this includes direct costs only (such as Purchase of Evidence and Purchase of Information (PE/PI), operating expenses, and airwing support). The focus of the operations is on halting the flow of cocaine at its source in Bolivia and Peru.

QUESTION: What are your future plans for Operation Snowcap? I understand that the operation is being expanded into second tier countries such as Guatemala.

ANSWER: DEA has identified the need for continued presence in primary source countries until a high level of self-sufficiency is reached. DEA is moving to replace TDY personnel with Agents permanently stationed in our host country offices.

DEA also plans to use the experience we learned from Operation Snowcap to expand similar operations to secondary source and transit countries. At present, DEA has initiated discussions with the Department of State and host country officials in Venezuela and Ecuador to determine how Snowcap techniques may be utilized there.

In addition, DEA is looking into the possibility of expanding DEA activities into such countries as Guatemala. DEA does not plan to institute full-scale Operation Snowcap programs in these countries. Rather, we are examining how the expertise we have gained through our experiences in Peru and Bolivia may be applicable to the enforcement environments in these transit countries.

QUESTION: Some reports have suggested that Operation Snowcap has not been effective in disrupting cocaine trade, in part because of corruption in the armed services of participating countries. Can you discuss with the Committee the effectiveness of Operation Snowcap, as well as the difficulties you have encountered?

ANSWER: DEA believes that indicators, such as the wholesale price and purity of cocaine, are reliable in assessing Snowcap's effectiveness in disrupting cocaine trade. Changes in the price and purity of cocaine have affirmed, at least temporarily, that serious market disruptions have taken place.

Recent accomplishments have affected both the availability and cost of transporting cocaine to the United States. Since 1987, SNOWCAP operations have resulted in the seizure of more than two million kilograms of non-liquid chemicals and one million liters of liquid chemicals. In 1990 and the first quarter of 1991, 159 cocaine base laboratories were destroyed in Peru, 18 cocaine HCl laboratories were destroyed in Bolivia, and 424 violators were arrested as a result of SNOWCAP operations.

DEA has also chosen to assess the effectiveness of Operation Snowcap by its ability to make source countries more self-sufficient in attacking cocaine processing labs and trafficking groups. Also, recent intelligence reports indicate that the price and purity fluctuations of cocaine in 1990 were, in part, due to interdiction efforts at the source countries.

Although some corruption does exist within these host governments, it is not enough to significantly impede Operation Snowcap efforts. DEA continues to work with the host governments in identifying corrupt individuals.

Hazardous Waste Clean-up

QUESTION: The Anti-Drug Abuse Act of 1988 called for the establishment of a Joint Federal Task Force to assist State and local governments in developing programs for the cleanup of hazardous waste produced by illegal drug laboratories. We have appropriated $2 million for this program. What is the status of these efforts?

ANSWER: In response to the Anti-Drug Abuse Act of 1988, DEA led an effort to establish a Joint Federal Task Force to develop guidelines for disposing of hazardous wastes produced by clandestine drug laboratories. This task force consisted of members of the DEA, Environmental Protectin Agency, and the U.S. Coast Guard. The task force resulted in the development of guidelines for use by State and local law enforcement, environmental protection, and public health agencies to use as a framework for developing their own programs for cleaning up clandestine drug laboratories. Over 30,000 copies of the Guidelines for the Cleanup of Clandestine Drug Laboratories were printed and distributed to other Federal, State, and local agencies throughout the United States.

The Act also called for the establishment of State and local projects to demonstrate the applicability and effectiveness of the Guidelines. The Attorney General, through DEA and the Bureau of Justice Assistance, issued grants for demonstration programs to the states of California, New Jersey, Washington, and the city of Portland, Oregon. These demonstration programs were funded at approximately $325,000 each and are expected to last approximately 18 months. Upon completion, the programs will be reviewed by an independent evaluator, who will then make suggestions, if necessary, for revision to the Guidelines or applicable laws.

Foreign Cooperative Investigations

QUESTION: DEA's 1992 budget submission requests 14 new positions and $3.1 million for Foreign Cooperative Investigations. These new positions will be assigned to Brazil, Chile, Colombia, Ecuador, and Guatemala. Further, your document sites cooperative agreements with a number of countries--the Soviet Union, Czechoslovakia, and Laos, for example--to combat illegal drugs.

I am curious that Mexico is not discussed. What is the current status of DEA's cooperative efforts with Mexico?

ANSWER: Cooperation between Mexico and the United States continues to be excellent and extremely effective. Arrests and seizures in Mexico are at an all time high. In 1990, Mexico seized 50 tons of cocaine compared to seven tons in 1980. Information sharing continues on a daily basis and new programs such as asset forfeiture are being developed. Additionally, on December 12, 1989, a Mexican District Court judge rendered guilty verdicts against drug kingpins Rafael Caro Quintero and Ernisto Fonseca Carrillo for the February 1985 murder of DEA Special Agent Enrique Camarena and Mexican pilot Alfredo Zavela Avelar. The judge sentenced them to 40-year prison terms for the murders, this in addition to the drug trafficking sentences they received in July 1989. Both men are serving what amount to life sentences.

Another good example of the successful cooperative effort between the Mexican Government and the United States Government is the recent establishment of a Northern Border Response Force (NBRF) made up of Agents from the DEA, U.S. Customs Service and the MFJP. The purpose of the NBRF is to interdict drug smuggling flights originating Colombia and transshipping contraband to the United States using northern Mexico and an offload, staging and storage area. Furthermore, DEA's 41 special agent positions designated for assignment in Mexico in 1991, will foster the cooperation between the two countries.

Domestic Cannabis Eradication

QUESTION: Your budget points out that because of the increased sophistication of domestic marijuana growers in methods of concealment, detection avoidance, and plot security measures, more traffickers are going undetected. These factors are forcing state and local law enforcement agencies to seek federal assistance.

You also state that because most state laws do not mandate incarceration for convicted marijuana growers while new federal statutes impose minimum mandatory sentences, state and local agencies are asking DEA and other federal authorities for support in obtaining federal convictions.

How much of a factor is the difference in sentencing practices increasing the demand for Federal assistance from State and local agencies?

ANSWER: Although the predominant factor in the increased demand for Federal assistance in marijuana cases is the advanced sophistication of marijuana cultivators, differences in sentencing are also causing State and local agencies to turn to the Federal Government.

This trend is not true in every State as some States do have strict prison sentences for marijuana growers. For those States that do not have these strict sentences, or do not have asset forfeiture laws comparable to those of the Federal government, Federal convictions are the best alternative.

Unfortunately, workload demands placed on the U.S. Attorneys Offices will not allow them to accept a marijuana case, unless a significant amount of marijuana is involved, or the case can lead to a Continuing Criminal Enterprise (CCE) or a Racketeer Influenced and Corrupt Organizations (RICO) conviction.

Laboratory Services

QUESTION: For Laboratory Services, you are requesting a program increase of $2.05 million. Included in this request is $172,000 for fingerprint development and identification equipment. Your budget explains that currently a fingerprint technician must visually scan a crime scene to determine where latent fingerprints are. New fingerprint equipment will allow the fingerprint technicians to rapidly scan certain types of packages and surfaces. How does this new equipment work, and what types of surfaces does it apply to?

ANSWER: In addition to packaging materials and containers that are removed from a crime scene and visually scanned, the new fingerprint equipment can scan furniture and fixed equipment at the crime scene. The new equipment will be more efficient because it will pick up fingerprints that are not visible to the naked eye. This equipment is currently being used by the FBI.

Medical Use of Marijuana

QUESTION: Two weeks ago, the Washington Post reported that the Food and Drug Administration (FDA) is permitting a couple suffering from AIDS to receive marijuana to cope with the nausea and severe weight loss associated with the AIDS disease. The same report states that the DEA has long denied there is any legitimate use for marijuana. Would you care to comment on the DEA view of the possible medical value (or lack thereof) of marijuana when dispensed under the supervision of a doctor?

ANSWER: The fact that marijuana is a Schedule I drug does not prohibit its use in research. The FDA routinely approves applications for compassionate "investigational new drug" (IND) applications filed on behalf of patients with AIDS, cancer, glaucoma, and some other diseases, who believe that marijuana relieves either their symptoms or the nausea associated with chemotherapy. When a physician applies to FDA for a compassionate IND, he/she simultaneously applies to DEA for a Schedule I research registration. To date, about 35 such research registrations have been issued.

The use of marijuana under compassionate IND applications does not indicate and certainly does not establish that marijuana is safe and effective as a medical treatment. Such projects have limited research applicability since the marijuana is not being compared with other very effective drugs for relieving nausea, and both the patient and doctor know exactly what medicine substance is being given. Consequently, these projects do not yield objective measures of the safety and efficacy of the treatment. The decision on whether such projects prove that marijuana is a safe and effective treatment can be determined only after a body of information has been developed which defines the conditions of use which are likely to produce specified results. The relevant body of knowledge regarding marijuana has not been reported in the medical and scientific literature.

SUBCOMMITTEE RECESS

Senator HOLLINGS. That concludes our hearing for today. The subcommittee will recess until 10 a.m., Tuesday, April 16, when we will hear from Ambassador Carla Hills, the U.S. Trade Representative.

Senator RUDMAN. I suspect everybody should bring their flack jackets to that hearing.

Senator HOLLINGS. I don't have anything to say about that.

[Whereupon, at 11:23 a.m., Thursday, April 11, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, April 16.]

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1992

TUESDAY, APRIL 16, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:03 a.m., in room S–146, the Capitol, Hon. Ernest F. Hollings (chairman) presiding.

Present: Senators Hollings, Lautenberg, Adams, Rudman, and Kasten.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF THE U.S. TRADE REPRESENTATIVE

STATEMENT OF CARLA A. HILLS, U.S. TRADE REPRESENTATIVE

ACCOMPANIED BY:

DAVID A. BURNS, ASSISTANT U.S. REPRESENTATIVE FOR ADMINISTRATION

SAM BESACHIO, DIRECTOR, FINANCIAL MANAGEMENT

OPENING REMARKS

Senator HOLLINGS. We want to welcome today Ambassador Carla Hills, our U.S. trade representative. Ambassador Hills, as I indicated a little earlier for the record, the Congress will meet soon in a joint session to hear an address by President Chamorro of Nicaragua. We didn't know this when we scheduled this hearing. We need to be upstairs at 10:40 a.m., so we won't be able to go into trade issues in depth today. We certainly welcome you Mrs. Hills and the USTR officials appearing today.

We welcome your statement. Just as an opening comment, we have reviewed your $20.4 million budget thoroughly. I was surprised to learn that the level of pay, compensation, and benefits that the U.S. trade representative office averages about $73,290 per year per person. We have got the International Trade Commission, which averages $46,600. At the National Institute of Standards and Technology, the researchers and scientists there average $55,500. The Drug Enforcement Administration, including the overtime and so forth, is $49,300 per agent, and the regulators at the Federal Communications Commission make $49,750. This is an opening matter from a budget standpoint that maybe you should look at closely.

I have had a general rule not to review too stringently the special trade representatives' budgets—Brock, Strauss, Eberly, and the rest of them. While I haven't agreed with everything they have done policywise, I didn't want them to come and say before this subcommittee that we were cutting them financially and making it rather impossible or tenuous to perform the USTR mission and so forth. So we want to support your budget. We are under these budget summit caps, and the Budget Enforcement Act classifies your office as domestic.

International trade is put under foreign affairs, but you are under the domestic caps, and everybody is looking for money. This year it is like tying two cats by the tail and throwing them over the clothesline and they are clawing and looking at each other's budgets and saying, "Where are we going to get the extra money?" Let me yield to Senator Rudman.

Senator RUDMAN. I can't top that, Mr. Chairman. [Laughter.]

I am not going to try. I know Ambassador Hills is sadly disappointed that we can't have a long, exhaustive hearing this morning covering all the issues that we discussed with all of the other people that are here, but I guess we will have to carry on.

Senator HOLLINGS. Senator Adams, did you have anything?

Senator RUDMAN. Thank you, Mr. Chairman.

Senator HOLLINGS. Before we get to questions, I want her to have a chance to present her statement.

Senator ADAMS. I just have one short thing that I hope she will include in her statement, and it is a question. It deals with a cultural exemption, and that, I know, is something that would not ordinarily be dealt with. I hope you will deal with that. You are trying to keep out the cultural exemption in GATT, and I hope that you take a similarly tough stand of not having one, in other words, a cultural services exemption with Mexico. I just want to be sure that you covered that in your statement. I will save my questions on beer and potato chips until later, Mr. Chairman.

Senator HOLLINGS. Thank you very much. Senator Lautenberg?

Senator LAUTENBERG. Very briefly, I welcome Ambassador Hills. I have a few noncontroversial things having to do with EIS, environmental impact statements, in terms of Mexico's conformity to EPA, elimination of the boycott with Arab countries, some minor things, and having to do with the intellectual property protection. Other than that, Mr. Chairman, I expect a tranquil hearing.

PREPARED STATEMENT

Senator HOLLINGS. Very good. Ambassador Hills, we welcome you. We would be delighted to have your statement at this time. It will be included in its entirety in the record. You can recap it or present it as you wish.

[The statement follows:]

STATEMENT OF AMBASSADOR CARLA A. HILLS

INTRODUCTION

Mr. Chairman: I am pleased to come before this committee, once again, to tell you what is on our agenda for the coming year and to ask your support of our fiscal year 1992 budget authorization request for the Office of the United States Trade Representative.

In past years, this committee has been very supportive of USTR's mission. For this, we are extremely grateful. But we are not finished. Much remains to be done in our task to open markets and expand trade. For in 1991, exports are more important than ever to the United States.

Our economy has enjoyed six years of record economic expansion, thanks in large measure to record exports. In recent years, exports have contributed over half of our economic growth. At the same time, 3.5 million new jobs related to exports were created. Last year, U.S. exports contributed a full 88 percent of the increase in our GNP.

Today, our domestic economy is in a temporary downturn, but our exports continue to hit new records to pick up the slack. Exports for January jumped 3.6 percent, passed the $34 billion mark, and chalked up our second highest month for sales abroad.

This flow of goods and services to global markets must be maintained and expanded, lest exports—our vital engine of economic growth—stall.

There are two reasons for this continued vitality:

—First, we can thank the open global trading system we and the major trading nations of the world have spent the last 40 years building.

—Second, we can give credit to the ingenuity and productivity, and tenacity of the American people for creating first-class products and services that the world wants to buy.

I think we can count on the American people to continue supplying the needs of the world. But it is our responsibility—yours and mine—to ensure that they will have continued and expanding access to foreign markets.

GEOPOLITICAL IMPORTANCE OF TRADE TO THE UNITED STATES

Beyond trade's economic importance, it is also of considerable geopolitical significance. Good trade relations with our trading partners help make possible cooperation in other areas of mutual interest. For example, without good trade relations with our allies, it would have been more difficult to organize a security alliance like the one that smashed Iraq's plans for regional conquest.

Opening markets and expanding trade also will enhance the economic growth, and hence the political stability, of poorer nations, including the emerging democracies of Eastern Europe and Latin America.

Without the impetus of a more open trading system, these nations will be drained by the massive costs of protections now imposed on them—costs that now total two-and-a-half times all the aid they receive from the United States and other developed nations.

THE ADMINISTRATION'S TRADE POLICY

The Bush Administration's trade policy seeks to put an end to this waste and to achieve the blessings of abundance and peace possible only through a truly open world economy.

In this quest, this administration has for the past two years deployed a three-prong trade strategy:

—First, to achieve a successful conclusion of the Uruguay Round of global trade talks.

—Second, to launch market-opening negotiations with our key trading partners.

—And, finally, to use the strength of our domestic market to open foreign markets and to expand trade.

This basic strategy remains the same in 1991.

The Uruguay Round remains the Administration's top trade priority. We believe the benefits from the overhauling and modernizing our aging world trading system under the auspices of the GATT is the best way to spread the benefits of expanded trade throughout the world.

In the Round the United States seeks:

—Expand market access for trade in goods and services. Opening global markets will benefit all U.S. manufacturers and exporters.

- —Develop comprehensive rules of fair play for the new areas of services, investment, and intellectual property—the areas in which America is most competitive.
- —Achieve fundamental reform of agriculture.
- —Rein in the hundreds of billions of dollars of government subsidies with which governments bribe the market.
- —Ensure that the rules that we have, and those that we are negotiating, apply to developing countries.
- —And, finally, create a swift and effective means to resolve our trade disputes.

These are ambitious goals, indeed, but ones that would yield enormous returns. Achieving our target in tariff reduction alone would generate $5 trillion growth to global output over the next decade. The U.S. share of that would be more than $1 trillion. That would be like writing a check to every American family for $17,000 payable over 10 years.

As I am sure you know, last December, after four years of negotiation, the talks were suspended temporarily to let several key nations reassess their position on agricultural trade. Their refusal to negotiate brought the Round to a halt.

However, the Administration now is hopeful that new initiatives for agricultural reform will result in real change and so has agreed to reengage these most important negotiations.

REGIONAL/BILATERAL NEGOTIATIONS

It must be clear to all that should the Uruguay Round ultimately fail, the Administration's trade policy will not collapse. We will continue to press for open markets in every forum available to us.

The United States is engaged simultaneously in negotiations throughout the world with our trading partners both individually and regionally.

We expect these discussions to lead to market opening agreements that will create new and improved opportunities for U.S. exports.

Here are a few of the most important and promising efforts we are undertaking:

- —An historic initiative to create a North American free trade area with two of our largest and best trading partners, Mexico and Canada.
- —We are advancing the President's Enterprise for the Americas initiative, which has the long-term goal of creating an hemispheric free trade zone extending from Alaska to Argentina.
- —In Japan, we are advancing the Structural Impediments Initiative and seeking greater market opportunities for all U.S. businesses.
- —We are working hard to expand trade initiatives with Eastern Europe that will better integrate those countries into the world trading system.

Of course we are active in other areas of the world. I respectfully request that for a full and detailed list of our trade policy objectives and activities in 1991 and beyond, the Committee include in the hearing record the 1991 Annual Report of the President on the Trade Agreements Program.

Let me take just a moment to outline just a few more of the efforts we are undertaking to open markets and expand trade:

- —We are working to assure effective implementation of the Caribbean Basin Initiative which would foster further development of trade between the United States and the region.
- —We are helping the Andean nations move away from a drug economy through the Andean Trade Initiative and so using international commerce to stem the flow of drugs to the United States.
- —We are carefully monitoring the European Community's progress toward a unified market next year and are intervening in cases that threaten U.S. interests.
- —We are working to integrate the emerging democracies of Eastern Europe into the world trading system. This will not only develop new markets for U.S. goods and services, but also foster the movement toward democracy and freedom in those countries.
- —We are implementing the ASEAN-U.S. Initiative which will enhance trade and investment with the six members of the Association of Southeastern Asian Nations.

FISCAL YEAR 1992 BUDGET REQUEST

As you can see, the USTR has a big mission. It is a mission which we take on with real enthusiasm and esprit d'corps. We do it with, by federal government standards, a very small staff and budget—just 154 permanent employees whom I like to call our "SWAT Team" and a few million dollars. We also draw on the support of other agencies and departments, interns, and students. We are careful about travel and have almost no discretionary funds. In short, we accomplish a great deal with very little.

This year, our budget request for fiscal year 1992 again is very small and we have tried to keep it straightforward. We are requesting $20.4 million. This represents only $400,000 more than the level appropriated last year ($20 million).

In fiscal year 1991 our estimated obligation level is $20,963,000 including reimbursements and funds carried forward from fiscal year 1990. Our projected obligations for fiscal year 1992 at $20,400,000, represent a decrease of $563,000. The change from fiscal year 1991 to fiscal year 1992 involves several increased costs offset by reductions in a couple of areas.

We face increases in several areas: The annualization of the January 1991 pay increases, within grade increases and an extra day of pay plus related benefits will cost $326,000; space costs will increase by $32,000; and costs associated with telephones, rentals, maintenance, printing and office supplies will increase by some $81,000.

These increases are offset by decreases in the following categories: A 50 percent cut in funds requested for the dispute settlement procedures of the Canadian Free Trade Agreement amounting to a decrease of $750,000; travel expenses are projected to decrease by $241,000 due to reduced activity surrounding the Uruguay Round; and a decrease in office equipment purchases amounting to $11,000.

Our task remains formidable. Now that the Uruguay Round has resumed, we can expect negotiations to become intensive again very soon; at the same time we will be moving forward with discussions on a North American Free Trade Area; talks with Japan will continue in a number of key areas; and we will be negotiating with our friends in Latin America on market opening agreements. These are only the major elements of our mission; as I have indicated, we are also pursuing literally dozens of other negotiations as well.

To carry out these tasks effectively, I urge the Committee to approve the President's request for $20.4 million for our activities in fiscal year 1992.

SUMMARY STATEMENT

Ambassador HILLS. Thank you, Mr. Chairman, and members of the committee. I submitted the longer statement for the record. Perhaps I could just make a few points. I don't have to tell this committee that international trade is vital to our economy. In recent years, it has accounted for over 50 percent of the growth of our GNP, and in these times of relatively slow domestic growth, our exports constitute one of the bright spots in our economy, and they continue to be our engine of growth.

So our objective is to ensure that American exporters who have shown that they can compete worldwide have greater access to world markets. Our trade policy has been to foster economic growth through world market openings, and for the past 2 years, we have tried to implement this policy through a three-pronged strategy.

First, we are working for a successful completion of the Uruguay round of global trade talks. Our aim in that negotiation is to open markets worldwide and to negotiate rules of fair play in areas that are vital to American competitiveness, such as access for our service providers; protection for our intellectual property; market access for our agricultural product, for our manufactured sector, and for high technology.

The benefits of a successful round would be enormous. Our economical calculations show that by meeting our objectives, that is, to reduce global tariff and nontariff barriers by one-third, could increase U.S. output by roughly $1 trillion over the next decade.

Second, we have launched bilateral and regional market-opening negotiations with our key trading partners. Currently, we hope to launch negotiations with Mexico and Canada to create a North American free trade area. This would result in the world's largest and richest single market, comprising 360 million producers and consumers and $6 trillion in output.

Mexico is actually our fastest growing export opportunity. We sell twice as much to Mexico as we do to Korea or Taiwan; four times more to Mexico than we sell to China; five times more than Brazil, and interestingly enough, Mexicans per capita purchase from us $350. That is a good 35 percent more than the far more affluent European Community buys per capita from the United States.

We are also engaged in market-opening talks with Latin America under the President's enterprise for America initiatives as well as the important bilateral negotiations with Japan, Eastern Europe, the European Community, and all of the countries in Asia. Finally, we use the strength of our domestic markets to open foreign markets and to expand trade.

In 1991, we have added a fourth priority, which is essential to the success of the first three, and that is extension of the President's authority to negotiate trade agreements under fast-track procedures which expire on May 31, unless permitted to be extended by Congress.

Fast-track authority provides two guarantees that are essential to a successful trade negotiation: First, a vote on the implementing legislation within a fixed period after we draft that implementing legislation together, which, of course, can take months, and even years, and second no amendment to the implementing legislation.

Fast-track authority permits the President to assure our negotiating partners that the deal that we strike at the bargaining table is the deal that will be voted on by Congress. At the same time, the fast-track procedures, by their statutory requirements, are designed to ensure full congressional and private sector input; Congress is indeed a partner every step of the way.

In sum, our task in the coming fiscal year is formidable. We are engaged in literally dozens of large and small negotiations all around the globe. Our fiscal year 1992 budget submission was developed with our current and upcoming trade agenda firmly in mind, and let me turn to that submission for fiscal year 1992.

We have tried to keep our request modest and straightforward. We are asking for $400,000 more than the current $20 million level. The change from the current level is a combination of several factors. The continued effects of mandatory governmentwide salary increases, which are in excess of $300,000; funds necessary to advance our computer development initiative; added funds necessary to meet increases in costs of space, rental supplies, and maintenance requirements. We do, however, have a 50-percent cut in the funds requested for dispute settlement and the procedures of the Canadian Free Trade Agreement and a reduction in travel expenses.

By containing salary costs, we should be able to come close to finishing our computer development plan this coming year, given the OMB request level of funding.

You mentioned the average salary, Mr. Chairman, of the USTR personnel. By our calculations, it averages $59,000, not $73,000.

Senator Adams mentioned the cultural exemption, and hoped that we would not sanction one in a North American free trade agreement. As you know, we have been opposed around the world to cultural exceptions. We regard them as protectionist, and we have never agreed to one in Canada. We agreed to disagree, and we said we would take action where they offended our trade interests, and Canada said that it would resist. So we have no intention of agreeing to a cultural exception in our North American free trade agreement, if we are able to proceed with that negotiation.

I am pleased to answer any questions that any members have to be put before me.

TEXTILE BILL

Senator HOLLINGS. Madam Ambassador, let me postpone and demur from the idea that Congress is every step of the way. I did my dead level best to submit a textile bill that was your bill, being in step with the global quota approach, and we studied in Geneva, and with Mr. Surini and others. Then we submitted it in law and then had it opposed by the administration. So we are not quite sure, but we have certainly strongly disagreed that Congress is in step with the trade representative. It is hard to catch you and find you. I have got Senators running around saying that, "I won't cosponsor fast track. I will be voting with them most likely, but I want to see what I can get out of Ambassador Hills first."

In that regard, then, we come right to the crux in cutting through on the fast track, because I am trying to limit myself to a few minutes and letting each of the subcommittee members to get in here in the next 15 minutes. Why is it so important that the President assures trading partners that the agreement confirmed in Geneva, let's say, is the agreement submitted to the Congress? He doesn't have that assurance to give when we go to Geneva and agree on national security provisions—SALT I, SALT II, ABM, INF, and START Treaties. The President does not have to show that to the negotiating partners with respect to national security. Why for commercial trade?

Ambassador HILLS. Mr. Chairman, the Constitution provides a special procedure for approving treaties and ARM treaties, and the Senate is the sole party that ratifies those treaties.

The Constitution gives to the President the power to negotiate with foreign governments over trade and gives to the Congress as a whole the power to regulate international commerce. Since 1934, we have worked in partnership. We went through the era of the Smoot-Hawley bill, where every Congressman tried to protect his special constituent interest, and it drove us into the Great Depression. In 1934, with the Reciprocal Trade Act, Congress asked the President to negotiate reductions in tariffs. In 1974, when our trade negotiations exceeded negotiations over tariffs, Congress gave us fast-track authority. It is a procedure that is a neutral procedure enabling the two constitutional powers in article II and article I to work harmoniously together.

Congress has the right to vote down an agreement. There is broad recognition that provisions in a trade agreement which deal with economic interests in each of our congressional districts, are so linked that the agreement will disassemble very rapidly if there are tinkerings with some parts of it.

We saw that in Brussels. Brussels broke up because of a disagreement over just two provisions in the agricultural negotiations: An unwillingness to negotiate reductions to export subsidies and an unwillingness to reduce the high barriers to market access. That unwillingness caused the Latin American delegation to leave the negotiations, along with the 14 members of the Carens Group, and it shows that even two areas, if pulled from a negotiation, can cause it to disassemble. That is probably unique to trade agreements, and was well recognized 17 years ago when we first got fast track.

Senator HOLLINGS. Well, I started at the very beginning when you mentioned Smoot-Hawley, and I will ask the committee for permission to insert here in our hearing record the analysis of Smoot-Hawley by our distinguished late colleague, Senator John Heinz of Pennsylvania, whereby, No. 1, Smoot-Hawley came 8 months after the stock market crash. It didn't cause the Depression. The Depression came in October 1929. Smoot-Hawley was not passed until June 1930, and trade increased within the third year under Smoot-Hawley, and thereupon, Secretary Cordell Hull came with reciprocal, reciprocal free trade, and we continued to move from there.

[The information follows:]

[From the Congressional Record, May 9, 1983]

THE MYTH OF SMOOT-HAWLEY

Mr. HEINZ. Mr. President, every time someone in the administration or the Congress gives a speech about a more aggressive trade policy or the need to confront our trading partners with their subsidies, barriers to imports and other unfair practices, others, often in the academic community or in the Congress immediately react with speeches on the return of Smoot-Hawley and the dark days of blatant protectionism. "Smoot-Hawley," for those uninitiated in this arcane field, is the Tariff Act of 1930 (Public Law 71–361) which among other things imposed significant increases on a large number of items in the Tariff Schedules. The act has also been, for a number of years, the basis of our countervailing duty law and a number of other provisions relating to unfair trade practices, a fact that tends to be ignored when people talk about the evils of Smoot-Hawley.

A return to Smoot-Hawley, of course, is intended to mean a return to depression, unemployment, poverty, misery, and even war, all of which, apparently were directly caused by this awful piece of legislation. Smoot-Hawley has thus become a code word for protectionism, and in turn a code word for depression and major economic disaster. Those who sometimes wonder at the ability of Congress to change the country's direction through legislation must marvel at the sea change in our economy apparently wrought by this single bill in 1930.

Historians and economists, who usually view these things objectively, realize that the truth is a good deal more complicated, that the causes of the depression were far deeper, and that the link between high tariffs and economic disaster is much more tenuous than is implied by this simplistic linkage. Now, however, someone has dared to explode this myth publicly through an economic analysis of the actual tariff increases in the act and their effects in the early years of the depression. The study points out that the increases in question affected only 231 million dollars' worth of products in the second half of 1930, significantly less than 1 percent of world trade; that in 1930–32 duty-free imports into the United States dropped at virtually the same percentage rate as dutiable imports; and that a 13.5 percent drop in GNP in 1930 can hardly be blamed on a single piece of legislation that was not even enacted until midyear.

This, of course, is not to suggest that high tariffs are good or that Smoot-Hawley was a wise piece of legislation. It was not. But it was also clearly not responsible for all the ills of the 1930's that are habitually blamed on it by those who fancy themselves defenders of free trade. While I believe this study does have some policy implications, which I may want to discuss at some future time, one of the most useful things it may do is help us all clean up our rhetoric and reflect a more sophisticated—and accurate—view of economic history.

Mr. President, I ask that the study, by Don Bedell of Bedell Associates, be printed in the Record.

The study follows:

BEDELL ASSOCIATES,
Palm Desert, Calif., April 1983.

TARIFFS MISCAST AS VILLAIN IN BEARING BLAME FOR GREAT DEPRESSION—SMOOT/HAWLEY EXONERATED

(By Donald W. Bedell)

SMOOT/HAWLEY, DEPRESSION AND WORLD REVOLUTION

It has recently become fashionable for media reporters, editorial writers here and abroad, economists, Members of Congress, members of foreign governments, UN organizations and a wide variety of scholars to express the conviction that the United States, by the single act of causing the Tariff Act of 1930 to become law (Public Law 361 of the 71st Congress) plunged the world into an eonomic depression, may well have prolonged it, led to Hitler and World War II.

Smoot/Hawley lifted import tariffs into the U.S. for a cross section of products beginning mid-year 1930, or more than 8 months following the 1929 financial collapse. Many observers are tempted simply to repeat "free trade" economic doctrine by claiming that this relatively insignificant statute contained an inherent trigger mechanism which upset a neatly functioning world trading system based squarely on the theory of comparative economics, and which propelled the world into a cataclysm of unmeasurable proportions.

We believe that sound policy development in international trade must be based solidly on facts as opposed to suspicions, political or national bias, or "off-the-cuff" impressions 50 to 60 years later of how certain events may have occurred.

When pertinent economic, statistical and trade data are carefully examined will they show, on the basis of preponderance of fact, that passage of the Act did in fact trigger or prolong the Great Depression of the Thirties, that it had nothing to do with the Great Depression, or that it represented a minor response of a desperate nation to a giant world-wide economic collapse already underway?

It should be recalled that by the time Smoot/Hawley was passed 6 months had elapsed of 1930 and 8 months had gone by since the economic collapse in October, 1929. Manufacturing plants were already absorbing losses, agriculture surpluses began to accumulate, the spectre of homes being foreclosed appeared, and unemployment showed ominous signs of a precipitous rise.

The country was stunned, as was the rest of the world. All nations sought very elusive solutions. Even by 1932, and the Roosevelt election, improvisation and experiment described government response and the technique of the New Deal, in the words of Arthur Schlesinger, Jr. in a New York Times article on April 10, 1983. President Roosevelt himself is quoted in the article as saying in the 1932 campaign, "It is common sense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something."

The facts are that, rightly or wrongly, there were no major Roosevelt Administration initiatives regarding foreign trade until well into his Administration; thus clearly suggesting that initiatives in that sector were not thought to be any more important than the Hoover Administration thought them. However, when all the numbers are examined we believe neither President Hoover nor President Roosevelt can be faulted for placing international trade's role in world economy near the end of a long list of sectors of the economy that had caused chaos and suffering and therefore needed major corrective legislation.

How important was international trade to the U.S.? How important was U.S. trade to its partners in the Twenties and Thirties?

In 1919, 66 percent of U.S. imports were duty free, or $2.9 Billion of a total of $4.3 Billion. Exports amounted to $5.2 Billion in that year making a total trade number of $9.6 Billion or about 14 percent of the world's total. See Chart I below.

CHART I.—U.S. GROSS NATIONAL PRODUCT, 1929–33

[Dollar amounts in billions]

	1929	1930	1931	1932	1933
GNP	$103.4	$89.5	$76.3	$56.8	$55.4

CHART I.—U.S. GROSS NATIONAL PRODUCT, 1929-33—Continued

[Dollar amounts in billions]

	1929	1930	1931	1932	1933
U.S. international trade	$9.6	$6.8	$4.5	$2.9	$3.2
U.S. international trade percent of GNP	9.3	7.6	5.9	5.1	[1] 5.6

[1] Series U., Department of Commerce of the United States, Bureau of Economic Analysis.

Using the numbers in that same Chart I it can be seen that U.S. imports amounted to $4.3 Billion or just slightly above 12 percent of total world trade. When account is taken of the fact that only 33 percent, or $1.5 Billion, of U.S. imports was in the Dutiable category, the entire impact of Smoot/Hawley has to be focused on the $1.5 Billion number which is barely 1.5 percent of U.S. GNP and 4 percent of world imports.

What was the impact? In dollars Dutiable imports fell by $462 Million, or from $1.5 Billion to $1.0 Billion, during 1930. It's difficult to determine how much of that small number occurred in the second half of 1930 but the probability is that it was less than 50 percent. In any case, the total impact of Smoot/Hawley in 1930 was limited to a "damage" number of $231 Million; spread over several hundred products and several hundred countries!

A further analysis of imports into the U.S. discloses that all European countries accounted for 30 percent or $1.3 Billion in 1929 divided as follows: U.K. at $330 Million or 7½ percent, France at $171 Million or 3.9 percent, Germany at $255 Million or 5.9 percent, and some 15 other nations accounting for $578 Million or 13.1 percent for an average of 1 percent.

These numbers suggest that U.S. imports were spread broadly over a great array of products and countries, so that any tariff action would by definition have only a quite modest impact in any given year or could be projected to have any important cumulative effect.

This same phenomenon is apparent for Asian countries which accounted for 29 percent of U.S. imports divided as follows: China at 3.8 percent, Japan at $432 Million and 9.8 percent, and with some 20 other countries sharing in 15 percent or less than 1 percent on average.

Australia's share was 1.3 percent and all African countries sold 2.5 percent of U.S. imports.

Western Hemisphere countries provided some 37 percent of U.S. imports with Canada at 11.4 percent, Cuba at 4.7 percent, Mexico at 2.7 percent, Brazil at 4.7 percent and all others accounting for 13.3 percent or about 1 percent each.

The conclusion appears inescapable on the basis of these numbers; a potential adverse impact of $231 Million spread over the great array of imported products which were Dutiable in 1929 could not realistically have had any measurable impact on America's trading partners.

Meanwhile, the Gross National Product (GNP) in the United States had dropped an unprecedented 13.5 percent in 1930 alone, from $103.4 Billion in 1929 to $89 Billion by the end of 1930. It is unrealistic to expect that a shift in U.S. international imports of just 0.2 percent of U.S. GNP in 1930 for example ($231 Million on $14.4 Billion) could be viewed as establishing a "precedent" for America's trading partners to follow, or represented a "model" to follow.

Even more to the point an impact of just 0.2 percent could not reasonably be expected to have any measurable effect on the economic health of America's trading partners.

Note should be taken of the claim by those who repeat the Smoot/Hawley "villain" theory that it set off a "chain" reaction around the world. While there is some evidence that certain of America's trading partners retaliated against the U.S. there can be no reliance placed on the assertion that those same trading partners retaliated against each other by way of showing anger and frustration with the U.S. Self-interest alone would dictate otherwise, common sense would intercede on the side of avoidance of "shooting oneself in the foot," and the facts disclose that world trade declined by 18 percent by the end of 1930 while U.S. trade declined by some 10 percent more or 28 percent. U.S. foreign trade continued to decline by 10 percent more through 1931, or 53 percent versus 43 percent for world-wide trade, but U.S. share of world trade declined by only 18 percent from 14 percent to 11.3 percent by the end of 1931.

Reference was made earlier to the Duty Free category of U.S. imports. What is especially significant about those import numbers is the fact that they dropped in dollars by an almost identical percentage as did Dutiable goods through 1931 and beyond: Duty Free imports declined by 29 percent in 1930 versus 27 percent for Dutiable goods, and by the end of 1931 the numbers were 52 percent versus 51 percent respectively.

The only rational explanation for this phenomenon is that Americans were buying less and prices were falling. No basis exists for any claim that Smoot/Hawley had a distinctively devastating effect on imports beyond and separate from the economic impact of the economic collapse in 1929.

Based on the numbers examined so far, Smoot/Hawley is clearly a mis-cast villain. Further, the numbers suggest the clear possibility that when compared to the enormity of the developing international economic crisis Smoot/Hawley had only a minimal impact and and international trade was a victim of the Great Depression.

This possibility will become clear when the course of the Gross National Product (GNP) during 1929–1933 is examined and when price behaviour world-wide is reviewed, and when particular Tariff Schedules of Manufacturers outline in the legislation are analyzed.

Before getting to that point another curious aspect of the "villain" theory is worthy of note. Without careful recollection it is tempting to view a period of our history some 50–60 years ago in terms of our present world. Such a superficial view not only makes no contribution to constructive policy-making. It overlooks several vital considerations which characterized the Twenties and Thirties:

1. The international trading system of the Twenties bears no relation to the interdependent world of the Eighties commercially, industrially and financially in size or complexity.

2. No effective international organization existed, similar to the General Agreement for Tariffs and Trade (GATT) for example for resolution of disputes. There were no trade "leaders" among the world's nations in part because most mercantile nations felt more comfortable without dispute settlement bodies.

3. Except for a few critical products foreign trade was not generally viewed in the "economy-critical" context as currently in the U.S. As indicated earlier neither President Hoover nor President Roosevelt viewed foreign trade as crucial to the economy in general or recovery in particular.

4. U.S. foreign trade was relatively an amorphous phenomenon quite unlike the highly structured system of the Eighties; characterized largely then by "caveat emptor" and a broadly laissez-faire philosophy generally unacceptable presently.

These characteristics, together with the fact that 66 percent of U.S. imports were Duty Free in 1929 and beyond, placed overall international trade for Americans in the Twenties and Thirties on a very low level of priority especially against the backdrop of world-wide depression. Americans in the Twenties and Thirties could no more visualize the world of the Eighties than we in the Eighties can legitimately hold them responsible for failure by viewing their world in other than the most pragmatic and realistic way given those circumstances.

For those Americans then, and for us now, the numbers remain the same. On the basis of sheer order of magnitude of the numbers illustrated so far, the "villian" theory often attributed to Smoot/Hawley is an incorrect reading of history and a misunderstanding of the basic and incontrovertible law of cause and effect.

It should also now be recalled that, despite heroic efforts by U.S. policy-makers its GNP continued to slump year-by-year and reached a total of just $55.4 billion in 1933 for a total decline from 1929 levels of 46 percent. The financial collapse of October, 1929 had indeed left its mark.

By 1933 the 1929 collapse had prompted formation in the U.S. of the Reconstruction Finance Corporation, Federal Home Loan Bank Board, brought in a Democrat President with a program to take control of banking, provide credit to property owners and corporations in financial difficulties, relief to farmers, regulation a stimulation of business, new labor laws and social security legislation.[1]

So concerned were American citizens about domestic economic affairs, including the Roosevelt Administration and the Congress, that scant attention was paid to the solitary figure of Secretary of State Cordell Hull. He, alone among the Cabinet, was conviced that international trade had material relevance to lifting the country back from depression. His efforts to liberalize trade in general and to find markets abroad for U.S. products in particular from among representatives of economically stricken Europe, Asia and Latin America were abruptly ended by the President and the 1933 London Economic Conference collapsed without result.

The Secretary did manage to make modest contributions to eventual trade recovery through the Most Favored Nation (MFN) concept. But it would be left for the United States at the end of World War II to undertake an economic and political role of leadership in the world; a role which in the Twenties and Thirties Americans in and out of government felt no need to assume, and did not assume. Evidence that conditions in the trade world would have been better, or even different, had the U.S. attempted some leadership role can not responsibly be assembled. Changing the course of past history has always been less fruitful than applying perceptively history's lessons.

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[1] Beard, Charles and Mary, New Basic History of the United States.

The most frequently used members thrown out about Smoot/Hawley's impact by those who believe in the "villain" theory are those which clearly establish that U.S. dollar decline in foreign trade plummeted by 66 percent by the end of 1933 from 1929 levels, $9.6 billion to $3.2 billion annually.

Much is made of the co-incidence that world-wide trade also sank about 66 percent for the period. Chart II summarizes the numbers.

CHART II.—UNITED STATES AND WORLD TRADE, 1929–33

[In billions of U.S. dollars]

	1929	1930	1931	1932	1933
United States:					
Exports	5.2	3.8	2.4	1.6	1.7
Imports	4.4	3.0	2.1	1.3	1.5
Worldwide:					
Exports	33.0	26.5	18.9	12.9	11.7
Imports	35.6	29.1	20.8	14.0	[1] 12.5

[1] Series U. Department of Commerce of the United States, League of Nations, and International Monetary Fund.

The inference is that since Smoot/Hawley was the first "protectionist" legislation of the Twenties, and the end of 1933 saw an equal drop in trade that Smoot/Hawley must have caused it. Even the data already presented suggest the relative irrelevance of the tariff-raising Act on a strictly trade numbers basis. When we examine the role of a world-wide price decline in the trade figures for almost every product made or commodity grown the "villain" Smoot/Hawley's impact will not be measurable.

It may be relevant to note here that the world's trading "system" paid as little attention to America's revival of foreign trade beginning in 1934 as it did to American trade policy in the early Thirties. From 1934 through 1939 U.S. foreign trade rose in dollars by 80 percent compared to world-wide growth of 15 percent. Imports grew by 68 percent and exports climbed by a stunning 93 percent. U.S. GNP by 1939 had developed to $91 Billion, to within 88 percent of its 1929 level.

Perhaps this suggests that America's trading partners were more vulnerable to an economic collapse and thus much less resilient than was the U.S. In any case the international trade decline beginning as a result of the 1929 economic collapse, and the subsequent return by the U.S. beginning in 1934 appear clearly to have been wholly unrelated to Smoot/Hawley.

As we begin to analyze certain specific Schedules appearing in the Tariff Act of 1930 it should be noted that sharp erosion of prices world-wide caused dollar volumes in trade statistics to drop rather more than unit volume thus emphasizing the decline value. In addition, it must be remembered that as the Great Depression wore on, people simply bought less of everything increasing further price pressure downward. All this wholly apart from Smoot/Hawley.

When considering specific Schedules, No. 5 which includes Sugar, Molasses, and Manufactures Of, maple sugar cane, sirups, adonite, dulcite, galactose, inulin, lactose and sugar candy. Between 1929 and 1933 import volume into the U.S. declined by about 40 percent in dollars. In price on a world basis producers suffered a stunning 60 percent drop. Volume of sugar imports declined by only 42 percent into the U.S. in tons. All these changes lend no credibility to the "villain" theory unless one assumes, erroneously, that the world price of sugar was so delicately balanced that a 28 percent drop in sugar imports by tons into the U.S. in 1930 destroyed the price structure and that the decline was caused by tariffs and not at least shared by decreased purchases by consumers in the U.S. and around the world.

Schedule 4 describes Wood and Manufactures Of, timber hewn, maple, brier root, cedar from Spain, wood veneer, hubs for wheels, casks, boxes, reed and rattan, toothpicks, porch furniture, blinds and clothespins among a great variety of product categories. Dollar imports into the U.S. slipped by 52 percent from 1929 to 1933. By applying our own GNP as a reasonable index of prices both at home and overseas, unit volume decreased only 6 percent since GNP had dropped by 46 percent in 1933. The world-wide price decline did not help profitability of wood product makers, but to tie that modest decline in volume to a law affecting only 6½ percent of

U.S. imports in 1929 puts great stress on credibility, in terms of harm done to any one country or group of countries.

Schedule 9, Cotton Manufactures, a decline of 54 percent in dollars is registered for the period, against a drop of 46 percent in price as reflected in the GNP number. On the assumption that U.S. GNP constituted a rough comparison to world prices, and the fact that U.S. imports of these products was infinitesimal. Smoot/Hawley was irrelevant. Further, the price of raw cotton in the world plunged 50 percent from 1929 to 1933. U.S. growers had to suffer the consequences of that low price but the price itself was set by world market prices, and was totally unaffected by any tariff action by the U.S.

Schedule 12 deals with Silk Manufactures, a category which decreased by some 60 percent in dollars. While the decrease amounted to 14 percent more than the GNP drop, volume of product remained nearly the same during the period. Assigning responsibility to Smoot/Hawley for this very large decrease in price beginning in 1930 stretches credibility beyond the breaking point.

Several additional examples of price behaviour are relevant.

One is Schedule 2 products which include brick and tile. Another is Schedule 3 iron and steel products. One outstanding casualty of the financial collapse in October, 1929 was the Gross Private Investment number. From $16.2 Billion annually in 1929 by 1933 it has fallen by 91 percent to just $1.4 Billion. No tariff policy, in all candor, could have so devastated an industry as did the economic collapse of 1929. For all intents and purposes construction came to a halt and markets for glass, brick and steel products with it.

Another example of price degradation world-wide completely unrelated to tariff policy is Petroleum products. By 1933 these products had decreased in world price by 82 percent but Smoot/Hawley had no Petroleum Schedule. The world market place set the price.

Another example of price erosion in world market is contained in the history of exported cotton goods from the United States. Between 1929 and 1933 the volume of exported goods actually increased by 13.5 percent while the dollar value dropped 48 percent. This result was wholly unrelated to the tariff policy of any country.

While these examples do not include all Schedules of Smoot/Hawley they clearly suggest that overwhelming economic and financial forces were at work affecting supply and demand and hence on prices of all products and commodities and that these forces simply obscured and measurable impact the Tariff Act of 1930 might possibly have had under conditions of several years earlier.

To assert otherwise puts on those proponents of the Smoot/Hawley "villian" theory a formidable challenge to explain the following questions:

1. What was the nature of the "trigger" mechanism in the Act that set off the alleged domino phenomenon in 1930 that began or prolonged the Great Depression when implementation of the Act did not begin until mid-year?

2. In what ways was the size and nature of U.S. foreign trade in 1929 so significant and critical to the world economy's health that a less than 4 percent swing in U.S. imports could be termed a crushing and devastating blow?

3. On the basis of what economic theory can the Act be said to have caused a GNP drop of an astounding drop of 13.5 percent in 1930 when the Act was only passed in mid-1930? Did the entire decline take place in the second half of 1930? Did world-wide trade begin its decline of some $13 Billion only in the second half of 1930?

3. Does the fact that duty free imports into the U.S. dropped in 1930 and 1931 and in 1932 at the same percentage rate as dutiable imports support the view that Smoot/Hawley was the cause of the decline in U.S. imports?

4. Is the fact that world-wide trade declined less rapidly than did U.S. foreign trade prove the assertion that American trading partners retaliated against each other as well as against the U.S. because and subsequently held the U.S. accountable for starting an international trade war?

5. Was the international trading system of the Twenties so delicately balanced that a single hastily drawn tariff increase bill affecting just $231 Million of dutiable products in the second half of 1930 began a chain reaction that scuttled the entire system? Percentage-wise $231 Million is but 0.65 percent of all of 1929 world-wide trade and just half that of world-wide imports:

The preponderance of history and facts of economic life in the international area make an affirmative response by the "villain" proponents an intolerable burden.

It must be said that the U.S. does offer a tempting target for Americans who incessantly cry "mea culpa" over all the world's problems, and for many among our trading partners to explain their problems in terms of perceived American inability to solve those problems.

In the world of the Eighties U.S. has indeed very serious and perhaps grave responsibility to assume leadership in international trade and finance, and in politics as well.

On the record, the United States has met that challenge beginning shortly after World War II.

The U.S. role in structuring the United Nations, the General Agreement on Tariffs and Trade (GATT), the International Monetary Fund, the Bretton Woods and Dumbarton Oaks Conferences on monetary policy, the World Bank and various Regional Development Banks, for example, is a record unparalleled in the history of mankind.

But in the Twenties and Thirties there was no acknowledged leader in international affairs. On the contrary, evidence abounds that most nations preferred the centuries-old patterns of international trade which emphasized pure competition free from interference by any effective international supervisory body such as GATT.

Even in the Eighties examples abound of trading nations succumbing to nationalistic tendencies and ignoring signed trade agreements. Yet the United States continues as the bulwark in trade liberalization proposals within the GATT. It does so not because it could not defend itself against any kind of retaliation in a worst case scenario but because no other nation is strong enough to support them successfully without the United States.

The basic rules of GATT are primarily for all those countries who can't protect themselves in the world of the Eighties and beyond without rule of conduct and discipline.

The attempt to assign responsibility to the U.S. in the Thirties for passing the Smoot/Hawley tariff act and thus set off a chain reaction of international depression and war is, on the basis of a preponderance of fact, a serious mis-reading of history, a repeal of the basic concept of cause and effect and a disregard for the principle of proportion of numbers.

It may constitute a fascinating theory for political mischief-making but it is a cruel hoax on all those responsible for developing new and imaginative measures designed to liberalize international trade.

Such constructive development and growth is severely impeded by perpetuating what is no more than a symbolic economic myth.

Nothing is less worthwhile than attempting to re-write history, not learning from it. Nothing is more worthwhile than making careful and perceptive and objective analysis in the hope that it may lead to an improved and liberalized international trading system.

SMOOT-HAWLEY

Senator HOLLINGS. So Smoot-Hawley has been a bum rap, and I am glad Senator Heinz pointed it out earlier on with these debates with respect to the authorities, as you go all around all these different authorities, but the ultimate, of course, is article I, section 8, belonging to the Congress.

We are given not only the authority, but the duty to regulate free trade. In that light, how can the Congress regulate anything without amendments? You take those same treaties on national security, and we have heard those arguments. "Oh, if we ever amend one, we will never get back." They told us that in SALT II and we promptly came around and ratified the Intermediate Nuclear Force Treaty. So that argument we have heard before. In those treaties, we put up a reservation and we put up an understanding. We are permitted to do so, and we submit it back to the negotiating parties. And those treaties pertain to our national security—not just economics and business.

So when you finally get an agreement, you will come to us in 30 days and with a gun at our head, say, "Take it or leave it," and no amendments. Mrs. Hills, this is not fulfilling the congressional responsibility under the Constitution to regulate foreign commerce.

I don't think you and I are going to agree on that, and I don't want to take any more time right here, today. Let me yield to Senator Rudman.

GENERAL AGREEMENT ON TARIFFS AND TRADE [GATT]

Senator **RUDMAN**. Thank you, Mr. Chairman. I wonder whether or not you have had a chance, with all of the other busy things you do, to read a piece that appeared in this past month's Harvard Business Review entitled, "The Last Gasp of GATTism," by Clyde Prestowitz. Of course Mr. Prestowitz has written, I think, an extraordinary book, "Trading Places." Have you had a chance to read this?

Ambassador **HILLS**. I just skimmed it. It came across my desk.

Senator **RUDMAN**. It is very interesting. He essentially reaches the conclusion that GATT is dead and actually, it died 1 year ago and nobody ever published the obituary.

He makes three points. I wondered if you would like to comment on them. The first point he makes is that—and I will read what he says precisely. He says, "The global economic preminence of the United States has largely faded. It was U.S. strength that permitted much of the system's early vitality."

Second, "When GATT's focus shifted from its tariff cutting to eliminating nontariff barriers to trade, members stumbled into intractable conflicts over their sovereign rights," which you referred to.

And finally, and perhaps most important, "Such principles as 'National treatment' and 'Most Favored Nation' principles that underpin the whole GATT structure are inherently disadvantagous to the most liberal and open societies." He says, further, that "GATTists have turned what was once a proven, narrowly drawn exercise centered largely on cutting tariffs into a futile legalistic crusade to homogenize different nationals—acting at times as if there are no such things as healthy expressions of diversity." He goes on in what I think is a scathing analysis of GATT and essentially says we ought to throw it out and look at something else.

Would you respond to that?

Ambassador **HILLS**. I disagree with Mr. Prestowitz that the United States as a global economic power is fading. I think that the United States is anything but fading. It has demonstrated its leadership technologically, militarily, and it still has the largest, richest market in the world. Today, our manufacturing sector is stronger than at any time since World War II, and anyone who sells the United States short is making a very grave mistake.

With respect to GATT shifting from cutting tariffs, to cutting nontariff barriers yes, we have done that. The fact of the matter is that our trade has outgrown the GATT structure, which does not mean at all that the GATT structure does not work well in the areas where we have agreed rules. Today, we have 4 trillion dollars' worth of international commerce annually. We have GATT rules covering about two-thirds. Our objective in the Uruguay round, and we really ought to keep the objective in mind, is to build rules for that one-third area, that 1.3 trillion dollars' worth of international commerce that occurs each year, where we are out in the jungle.

We are a rules-based society, and believe me, we will work more efficiently if we have fewer frictions with our key trading partners rather than more, and to have rules that let our entrepreneurs rely upon their certainty will enable our entrepreneurs to be more competitive.

With respect to national treatment, I think that is extremely important. I have been reluctant to agree to most favored nations treatment when it is decoupled from market access and national treatment. I urge our trading partners to treat us as well in their markets as they treat their own nationals. I think that is very important, and because we are an international leader, we do have interests in all of the markets.

The fact of the matter is, that the Uruguay round of trade talks is the broadest, most ambitious negotiation ever undertaken. We have 15 negotiating groups. We are negotiating with 107 countries representing roughly 90 percent of world trade. No one said this was going to be easy, but almost everyone would agree that if we could meet our objectives, we will have greatly enhanced the world trading order.

Let us consider the alternatives. Let us say that we walk away from the GATT; that we say that the GATT is dead; that we give up trying to build rules in this one-third area where we are out in the jungle, which just happen to be areas where the United States is super competitive, areas like agriculture, where we export $40 billion each year and are the world's largest exporter of agricultural products, or access for our service providers, which is a very important area for us, or access for our manufactured goods or protection of our patents, trademarks, and copyrights. These are areas where, if we can raise the floor of worldwide rules, U.S. entrepreneurs will be assisted.

Senator RUDMAN. Let me just say, Madam Ambassador, that I think your response is based on an assumption different from Mr. Prestowitz'. Mr. Prestowitz does not assert either in his book or his article that the United States is fading. What he says is, and I don't think we can argue with this very much—maybe you would like to—that the global economic preeminence of the United States has largely faded. He is talking about the period from the 1950's, post-World War II, when the rest of the world essentially had very little productive capacity, until the late 1960's, and the fact is that the economic history of this country until 1967 or 1968 showed clearly that when it came to computers, high technology, automobiles, appliances, agricultural products, machine tools, you name it, it came through the United States. But to assert that we still have preeminence in 1991, nor necessarily should we under any kind of a world order, to assume we have that preeminence, which is what reinforces the whole underlying philosophy of GATT, is probably wrong, for this reason: We now are no longer the No. 1 producer of machine tools; we are not the No. 1 producer of heavy manufacturing prime facilities; we are not the prime producer of automobiles, and most interestingly, it is now quite apparent from every industry study that unless a miracle happens, by the mid-1990's, meaning 3 years from today, Japan will be the No. 1 exporter and producer of computers in the world.

Now, that is the assumption from which he proceeds, and with all due respect, I happen to believe that followed to its logical conclusion, I reach the opposite conclusion that you do on GATT. That is that GATT could be harmful to our own health, and I want to make that point at this hearing here this morning. I wish we had more time, but we don't. I am going to yield.

Ambassador HILLS. If I could just say one word.

Senator HOLLINGS. Yes, ma'am.

Ambassador HILLS. The fact of the matter is that our share of global output has not been reduced since 1950. In fact, it has gone up marginally. The fact is that the United States still commands 26 percent of the world output. So we are not fading, Senator Rudman.

Senator RUDMAN. The composition of that output, Madam Ambassador, is quite different from what you assume. Much of it is now skewed toward the agricultural sector, and I dare say that we are not going to become an agrarian economy in the near future.

Ambassador HILLS. Our exports are high in agriculture, and we want to keep them that way, but we have not had a greater contribution to our national GNP by manufacturing since World War II; 1990 was a pinnacle, and we can provide the economic data to support that. So some of these concepts that you have read to me from Mr. Prestowitz' article are really a little bit distorted.

Senator HOLLINGS. Senator Adams?

Senator ADAMS. Thank you, Mr. Chairman. I have discussed previously with the Ambassador the problems that I have, as Senator Rudman does, with the GATT procedure, but I appreciate your statement that you will leave in and that we will have a tough cultural services provision with the Mexicans. This is very important for intellectual property. I appreciate that statement.

Because of the limited time, Mr. Chairman, I will just ask her about two very parochial matters, but they are very good examples of what our problem is.

Senator HOLLINGS. We will leave the record open for questions.

Ambassador HILLS. Of course.

CANADIAN BEER IMPORT RESTRICTIONS

Senator ADAMS. One is, on March 5, I introduced a bill, which I have talked with you about regarding Canadian beer import restrictions. What is the status of the Canadians taxing our beer so that it is just exactly 10 cents a bottle higher than every Canadian beer? Has that proceeded any further since I talked with you?

Ambassador HILLS. We have filed a case against the Canadians on their beer practices in the GATT, where we hope we will get a good resolution.

Senator ADAMS. It took 2 years last time. I am not sure if we can last that long.

The second is also one we are very concerned about—and again, this goes to agricultural imports—what is the status of the GSP petition on potato chips? Are they just going to take potatoes which are a big industry in Idaho and Oregon and Washington, and allow those from Mexico to be exempted? This has been filed, I think, by Frito Lay on imports of potato chips. Could you, and if you don't have it with you, have one of your staff supply me with the status of that petition, because we are very much opposed to just having a flood of duty-free potato chips come in when we can't even get our beer sold.

Ambassador HILLS. I can tell you, the President is about to make the announcements on the GSP, and so I am not at liberty to state what his pronouncement will be, but it will deal with that issue.

Senator ADAMS. Good. Thank you very much.

Thank you, Mr. Chairman.

Senator HOLLINGS. Metropolitan Washington, beer and potato chips.

Senator ADAMS. We have a constituency up there that is worried about these things.

Thank you, Madam Ambassador.

Senator HOLLINGS. Senator Lautenberg?

ISRAELI BOYCOTT

Senator LAUTENBERG. Thanks very much. Mr. Chairman.

Ambassador Hills, the Arab League members that belong to GATT include Kuwait, Tunisia, Mauritania, and Morocco. The Arab League's primary boycott against the Israelis has been in effect since the early fifties.

Are these or is this primary boycott against Israel by these countries a violation of GATT? We are opposed to any economic boycott taking place with any of our trading partners.

Ambassador HILLS. Right.

Senator LAUTENBERG. We certainly do not permit our companies in this country to participate. So how does that strike you? Do you consider it a violation of GATT policy?

Ambassador HILLS. I would like to reflect upon that. Because we don't participate; we are certainly not a party in issue. It would require the principal party withstanding to bring the issue, and perhaps I can give the answer to that after I consult with my lawyers.

Senator LAUTENBERG. OK.

Senator HOLLINGS. Would the Senator yield on that point?

Senator LAUTENBERG. Sure.

Senator HOLLINGS. Is Kuwait a member of GATT?

Senator LAUTENBERG. Yes.

Ambassador HILLS. Yes.

Senator HOLLINGS. A constituent of mine who does work with Bechtel, was told that he could not participate in the rebuilding of Kuwait because he is Jewish. He told me that just the week before last. If that is what you are getting at, that is what I want to know.

Senator LAUTENBERG. Exactly, the whole discriminatory policy.

Ambassador HILLS. One of the problems we face is in services is that we don't have rules in the GATT covering services; we don't tolerate the lack of national treatment with respect to, say, tariffs on goods. We are trying to get similar rules covering services in the Uruguay round.

Senator HOLLINGS. This is for a manufacturer.

Ambassador HILLS. But Bechtel is a provider of engineering services. What we find today is that so many goods are sold in conjunction with a service. We really do need, therefore, to have rules governing access for our service providers, and by that we mean nondiscriminatory access which would take care of your constituent's problem.

Senator **LAUTENBERG**. Let me go on, and let me ask you this: The secondary boycott that could deprive American companies of doing business, certainly presents a barrier to commercial enterprise by our companies, right?

Ambassador **HILLS**. And it would violate most favored nation status.

Senator **LAUTENBERG**. And it would also violate the GATT, would it not?

Ambassador **HILLS**. If you are talking about service providers, this is not covered by GATT.

Senator **LAUTENBERG**. Well, manufacturing, one thing about these countries that have a boycott is they don't discriminate. They are very open. They want everything stopped. They don't care whether it is manufacturing or services or otherwise. They blanket their discrimination.

If United States companies were denied contracts by the Kuwaiti Government because of dealings with Israel or Israeli firms by the Kuwaiti Government, would that constitute a violation of GATT?

Ambassador **HILLS**. As I mentioned, the contracts to rebuild Kuwait, I would think, without benefit of reflection or legal advice, would be service contracts, and we don't have GATT rules covering services as yet.

Senator **LAUTENBERG**. It seems to me that is an enormous deficiency if that is the case.

Ambassador **HILLS**. I couldn't agree with you more.

Senator **LAUTENBERG**. And we ought to get on with solving that problem.

Ambassador **HILLS**. That is what we are addressing in the Uruguay round. It is one of the areas where we do not have rules and why we think the GATT needs to be broadened and deepened.

Senator **LAUTENBERG**. Might we incorporate these changes in the USTR annual report on foreign trade barriers and talk specifically about the Arab boycott in tertiary to that against companies directly that do business short of companies in a tertiary understanding with companies who do business with companies that do business with Israel. It is rather broad.

One last thing, Mr. Chairman. I am concerned about a free trade, under a free trade agreement structure, that Mexico might become a pollution haven. Companies could easily move across the border to avoid the costs of environmental controls that we impose here, and it has happened with the Miquiladora program.

While it is nice to see Mexico adopt environmental laws, they, of course, have to be enforced. Given the range of possible impacts on our environment, especially along the border, from a free trade agreement, I think that the administration ought to do an environmental impact statement under EPA's structure.

They require an EIS on any major Federal action significantly affecting the human environment. Is the administration saying that entering into a free trade agreement is not a major Federal action by any chance?

Ambassador **HILLS**. The lawyers have determined that a negotiation by the executive branch isn't covered under that statute, and simply negotiating the agreement, would not, in and of itself, create an environmental concern. But we are listening to the concerns of Congress and environmental groups, and we are trying to put in one piace the actions that Mexico has taken and that we have taken with Mexico. I am sure you are aware of the master plan for the border, an agreement that was entered into by President Bush and President Salinas in November 1990, which will be put out for public comment and deal with these issues. I would be glad to supplement this answer with how I think we can appropriately deal with the environmental issues that you raise.

Senator LAUTENBERG. Because what is happening along the border, I am not witness personally, but I understand pollution problems are enormous there, coming from raw sewage, et cetera, et cetera, and as I earlier said, having the laws on the books without enforcement isn't going to do us very much good.

What happens is we have a timing sequence here that is of concern. For instance, on intellectual property, I feel that we ought to deal with the problem of intellectual problem property protection before we get into discussions about the free trade association. That ought not to be part of the discussion. That is kind of a natural condition for doing business, and I would hope that we can resolve some of these issues before we get down to the specific trade discussions we are going to have.

Thank you very much.

Senator HOLLINGS. Senator Kasten?

Senator KASTEN. Mr. Chairman, thank you.

FAST-TRACK TRADE NEGOTIATIONS

Madam Ambassador, as you know, over 40 percent of farmers in Wisconsin are dairy farmers and because the prices that we are receiving now for their milk is the lowest in several years, 15 years to be exact, they are watching very carefully the trade negotiations, the fast-track approach.

As you know, our current dairy policy is dependent upon import restrictions, so the people who are subsidizing their product are not allowed to come in and undercut our product. These import quotas are authorized under section 22 of the Agricultural Adjustment Act, as you know.

What is your current negotiating strategy or what is your negotiating strategy with regard to section 22 quotas, especially for dairy?

Ambassador HILLS. Our strategy is to try to bring down the barriers to market access worldwide, and that includes the variable levy that the Europeans have, the absolute bans and prohibition on imports that other countries have, and we are trying to do that for all agricultural products, not selecting one over another.

Senator KASTEN. With regard to dairy, according to data that we have received from the Office of Economic Cooperative Development, producers are now subsidizing the European Community at about 60 percent. That means that 60 percent of the income that dairy farmers in the European Community are receiving are coming from government policies or government subsidies of one kind or another. What changes are we seeking in the dairy programs in the European community during the GATT negotiations?

Ambassador **HILLS**. Under our proposal, we suggested a 75-percent reduction on the internal supports that distort trade with respect to any agricultural product, without focusing on one over another, and the reduction of 90 percent over a decade with respect to export subsidies.

That, I think, would have a dramatic effect in putting Europe on a path of reform which would be very meaningful to all of our agricultural interests, including dairy.

Senator **KASTEN**. Let me just switch quickly. As you know, you and I have talked about fast track back and forth on a couple of different occasions; we might have on more occasions. If I were to vote in favor of fast track, can you assure me and through me, the dairy producers in Wisconsin, that dairy, or section 22, will not be used as a bargaining chip to concessions in other kinds of areas, for example, grains or oil seeds or other products?

Ambassador **HILLS**. Absolutely. I can give you that assurance.

Senator **KASTEN**. I just want to conclude by saying—Senator Adams is no longer here—but if you look at the beer industry from La Crosse, WI, and Milwaukee, WI, or Chippewa Falls, or go down to a bar in Georgetown or here on Capitol Hill, you are going to see an awful lot of Canadian beer coming down from Canada, Molsons, different kinds of ale, Moosehead, et cetera, and even more, Carta Blanca, Tacata, Corona with the lime in the neck. [Laughter.]

I am from Wisconsin, so some of the people that are concerned about Senator Adams' question that we have got a one-way street on beer from the north are concerned as we negotiate with Mexico that we don't repeat this. Heileman and La Crosse just went through an interesting experience with Ontario. As you know the beer there is not national. Each province sets their own kind of standards, and that is one of the problems that we had in negotiations, but Heileman just went through a very complicated set of legal tests and cases and I guess that is why we brought this complaint. I just want to ask you to be careful as we start in Mexico, to not make the same mistakes on beer that we made in Canada.

Ambassador **HILLS**. We certainly agree with your objectives, and you are right; it is not the Canadian Government with which we negotiated the free trade agreement that has imposed these restrictions. It is the Provinces, and we are proceeding with our legal rights, and we are hoping to get those restrictions removed.

Senator **KASTEN**. Thank you.

Thank you, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator **RUDMAN** [presiding.] All right, Senator Kasten. I have three questions for the record to be submitted on behalf of Senator Inouye, and we will supply those to you to be answered in a reasonable period of time.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR ERNEST F. HOLLINGS

JAPANESE TRADE ISSUES

Question:

I think it is fair to say that almost all Americans noted Japan's lack of support for U. S. policies in the Persian gulf. It's sort of like the old "little hen , who will help me eat the cake" story -- now that the war is over the Japanese are suddenly in Kuwait in mass.

1. What is the USTR doing to ensure that contracts and jobs in rebuilding Kuwait go to American firms and workers?

2. Your annual report touts the issuance of a structural impediments initiative that is supposed to open up the Japanese market to U. S. products.

-- can you cite any substantive changes that the Japanese have made? Do you have any tangible evidence that Japanese trade barriers are declining?

-- What about agricultural goods? The Washington Post recently carried a story that the Japanese were incensed that we would try to get them to buy lower cost american Rice.

Answer:

The question pertaining to USTR's role in ensuring American firms and workers receive contracts for rebuilding Kuwait really falls into the province of trade promotion and is probably better handled by the Department of Commerce.

There are numerous actions of the government of Japan that would not have occurred but for the SII negotiations. For example, the Japanese Government has:

1) Made changes in the administration of the Large Scale Retail Store Law reducing the period of consultation with local store owners and government authorities to 12 months before a large scale retail store can be opened. Previously, it was not unusual for five years or more to pass before such authorization was granted. This reform will improve Japan's archaic distribution system, encourage large U.S. scale retailers to develop outlets in Japan and increase the range and availability of consumer goods, including goods imported from the U.S., to the Japanese market.

So far over 2500 applications to open large scale stores have been received. Many are from Japanese supermarket chains, department stores, and shopping mall developers. Toys 'R' Us has so far filed five applications. Other U.S. stores have indicated that plans to take similar actions are taking shape.

2) Taken steps to increase the effectiveness of antitrust enforcement and increase the level of administrative fines for violation of the Antimonopoly Law. This should discourage the kinds of exclusionary business practices which make it difficult for U.S. exporters to succeed in the Japanese market.

3) Taken steps to meet its goal of 24 hour customs clearance and devoted resources in personnel to meet that goal. This ensures that goods are not unduly delayed when they arrive at ports of entry.

These are but three examples of changes that have been brought about by the SII negotiations. These and other changes are benefitting both the commercial environment in Japan and specific American companies. The aggregate bilateral trade figures show a pattern of movement which is consistent with more open Japanese markets. Since 1988, U.S. exports to Japan have risen by 11.1 billion dollars (29.8 percent) to $48.6 billion.

With respect to agricultural trade, Japan's rice import ban has been a major concern. The Administration has pressed for substantial and progressive reductions in support and protection of agriculture, including rice, in order to eliminate distortions to trade in agriculture, and will continue to do so in multilateral negotiations.

HIGH COST OF USTR PERSONNEL

Question:

Ms. Ambassador, your opening statement notes that the USTR has a very small staff -- only 154 permanent employees. But, I must tell you that by any standard, they also are a very expensive staff. The total cost of compensation and benefits (object class 11 through 13) for an average USTR workyear is $73,290 per year. (This based on data in the USTR 1992 budget for FY 1991 divided by 161 full time equivalents.) I asked the staff to check comparable costs for personnel in several other agencies that are funded by this subcommittee.

By contrast a worker at the International Trade Administration(ITA) costs $46,600 per year -- The scientists and researchers at the National Institute of Standards and Technology cost $55,500 per year -- The Drug Enforcement Administration staff, including substantial overtime, require $49,300 per year and the high tech. regulators at the Federal Communications Commission cost the taxpayers $49,750 per year.

1. Do you realize that 47 percent of the USTR workforce are GS-15 grade level or above? That means half your workforce earns a minimum of $66,500 per year.

2. Have you examined the grade structure of your agency to determine if it can be reduced? It seems like there are a lot of USTR generals and very few sergeants.

Answer:

The USTR is by nature a coordinating agency. Our responsibility is to pull together the disparate threads of trade policy. USTR was in fact created in its current form and strengthened because of the lack of coherence within the U. S. Government in fashioning effective trade policies. Trade policy coordination requires a more senior staff that can chair meetings, represent the U. S. in international negotiations, and in general have a significant level of experience in international matters.

Conversely, detailed analysis of trade developments and the administration of most trade programs is handled by the larger departments such as State and Commerce. These agencies contribute the results of this detailed review of international trade developments and statistics to USTR. These agencies, thus, do not require as many senior positions as does USTR.

As I stated in my remarks before the committee, the USTR mission with its 159 FTE plus support drawn from other departments, interns and students is small by Federal government standards.

The estimated payroll costs appearing under the FY 1991 column of our presentation funds not only 161 FTEs but includes costs associated with reimbursable details, students, and personnel service contractors. Our benefit costs also include post allowances for our Geneva Office, which solely domestic agencies do not incur. Also approximately 39 percent of our permanent staff is covered under the FERS retirement system which means higher benefit costs. Our overall average(including benefits) and taking into account reimbursable details, students and contractors is $59,000 per year.

INTERNATIONAL VERSUS DOMESTIC FUNDING

Question:

Ms. Ambassador, under the new budget agreement, the competition for domestic discretionary funds will be extremely fierce. The domestic cap does not even provide for base funding let alone presidential initiatives and new authoritizations. Due to the administration's priorities during the budget negotiations, the international affairs budget cap is much "kinder and gentler."

The USTR is categorized as a domestic agency while the International Trade Commission is categorized as international.

1. It seems that the nature of USTR's work is mainly international -- it is not that different to the work performed by the ITC.

-- Is there any chance that you could get OMB Director Darman to agree to score appropriations for the USTR as "International" this year?

Answer:

There has been discussion during the past two years of placing USTR in the international account for appropriation purposes. USTR does not object to this classification: however, neither do we strongly urge that it take place. We believe that our appropriations requests stand on their own merit, and that it is up to OMB to decide on the classification of USTR's appropriations in terms of area grouping.

BUDGET FOR MEXICO FREE TRADE AGREEMENT

Ms. Ambassador, your budget states that the Mexico Free Trade Agreement "will place an enormous demand on the resources of the USTR."

The international Trade Administration budget notes how much is required for the Mexico Agreement, but we cannot find such detail in the USTR budget.

1. Exactly how much of the USTR budget is and will be allocated to the Mexico Free Trade Agreement?

Answer:

USTR is a small agency. With only 159 FTE, supplemented by details from many agencies, much of our staff must be interchangeable according to the pressing issues of the time. This flexibility is one of our greatest advantages as a small agency. During the peak periods of the Uruguay Round negotiations, staff was drawn from virtually all parts of the Agency to participate in the effort. Employees from virtually every section in the Agency travelled on missions related to the Round. During the Brussels Ministerial Meeting on the Uruguay Round, even much of the administrative section was working on Round related issues, as was much of the other support staff within the building.

The same could well be true in terms of the Mexican Agreement negotiations. As these talks develop, more and more of the efforts of the Agency could well focus on them, more travel related to the effort could occur, and more top level attention could be focused on just these negotiations.

It is thus impossible to provide specific funding levels. The section which handles Mexico with USTR also handles Canada, making even an analysis of section costs misleading.

All that can be said is that, consistent with other priorities, USTR will devote as much of its resources and budget as it takes if the Mexican talks evolve in such a way as to require that sort of effort.

THE CANADA FREE TRADE PROCESS

Question:

Ms. Ambassador, last year this committee appropriated $1.5 million for resolution of disputes related to the U.S. - Canada Free Trade Agreement. In FY 1990, only $285 thousand was needed to cover dispute settlement costs.

1. To date in FY 1991, how much has been required to resolve these settlement disputes? (Please be specific.)

Answer:

According to information from the Commerce Department there are several cases underway. Also a major case involving subsidized pork imported from Canada is about to be reviewed. While Commerce has not billed the USTR thus in FY 1991, they project that costs will be in the neighborhood of $500,000 this fiscal year.

QUESTIONS SUBMITTED BY SENATOR WARREN RUDMAN

NORTH AMERICAN FREE TRADE AGREEMENT-ENVIRONMENTAL CONCERNS

Question:

There has been a tremendous amount of debate on the pros and cons of a U.S./Mexico Free Trade Agreement -- an agreement which doesn't yet exist.

You will be directly involved in negotiating a potential agreement and will be in a position to respond to many of the concerns already expressed regarding the impact of such an agreement.

One area that is receiving an increasing amount of attention is environmental protection. Many allege that a Free Trade Agreement could cause American industry to go South to take advantage of Mexican environmental regulations which are either less stringent, or rarely enforced. The Administration's own Climate and Global Change research initiative recognizes that these issues are not purely internal, domestic concerns. What steps will the United States government take to ensure that this issue is addressed in a Free Trade Agreement?

Answer:

Over the past few months, the President convened a major effort to reach out to interested parties in Congress and the private sector, to listen to and examine their concerns about the proposed North American Free Trade Agreement (NAFTA), and to respond to them.

On May 1, the President issued a comprehensive response, including to the concerns you raised about the environment.

Mexico and the United States agree that efforts at trade liberalization should be complemented by efforts to enhance environmental protection. President Salinas is determined to keep Mexico from becoming a pollution haven for North America, and we wholeheartedly support his efforts in this regard.

President Salinas has made it clear that he will not permit Mexico to be used as a pollution haven to gain short-term economic advantage. We have made it clear we will not lower our standards and will work with Mexico to improve environmental protection. Companies would be foolish to invest in Mexico on the assumption that they can avoid environmental regulation or enforcement.

Mexico passed a comprehensive environmental protection law in 1988 that adopts many of the same general approaches to protecting the environment as have been applied in the United States. All new investments are being held to the higher standards of this law, and an environmental impact assessment is required to show how they will comply.

Of course, good laws require good enforcement. Mexico is beefing up its enforcement activities. It has imposed 980 temporary industrial closures and 82 permanent closures for non-compliance with its laws. It has greatly increased its budget for environmental enforcement and is planning to add 50 new inspectors for the border region and 50 for Mexico City. And President Salinas recently announced his decision to close Mexico's largest oil refinery, at a cost of roughly $500 million and perhaps as many as 5,000 jobs.

We can and will build on these efforts, both within the NAFTA and in parallel to it.

A. Protection and Enhancement of Environmental, Health and Safety Standards and Enforcement in the NAFTA

There is the mistaken impression that the NAFTA will weaken U.S., Mexican or Canadian environmental, health or safety standards. I can assure you that the Administration will do nothing in the FTA to weaken our environmental laws or to diminish our right to protect the health and safety and the environment of Americans.

- We will not agree to weaken U.S. environmental and health and safety laws and regulations as part of the NAFTA and will maintain enforcement of them.
- We will maintain our right to impose stringent pesticide, energy conservation, toxic waste and health and safety standards.
- We will also seek to ensure our right, consistent with other international obligations, to limit trade in items or products, such as endangered species, controlled by international treaties.

During the negotiation of any environment-related provisions, U.S. officials who are expert in the subject matter and who are responsible for maintaining the integrity of U.S. regulations will be involved in the negotiations.

We will also work with Mexico to enhance environmental, health and safety standards regarding products, and to promote their enforcement. Such efforts would be subject to full public and scientific scrutiny of any changes before they would be implemented, to ensure that human, plant, and animal health and the environment are safeguarded.

B. Public Participation in the Policy-Making Process

As you know, USTR has over 1,000 private sector advisors from agriculture, industry and labor. But our consultations to date on the NAFTA have convinced us that we need to broaden the participation in USTR's private sector advisory committees to include individuals with an environmental perspective and substantive expertise.

Accordingly, we will be appointing environmental representatives to the Advisory Committee on Trade Policy and Negotiations (ACTPN), the Agricultural Policy Advisory Committee (APAC), the Industry Policy Advisory Committee (IPAC), the Intergovernmental Policy Advisory Committee (IGPAC), the Investment Policy Advisory Committee (INPAC), and the Services Policy Advisory Committee (SPAC). In addition, the Environmental Protection Agency will consult closely with non-governmental groups as issues arise in the context of ongoing U.S.-Mexico environmental relations, both within the NAFTA and in our parallel efforts.

We also believe that a review of U.S.-Mexico environmental issues is appropriate as we embark on the NAFTA, with particular emphasis on the potential environmental effects of a NAFTA. We will prepare this review drawing on a variety of resources, including consultations with interested members of the public. The review will be completed in a timely fashion, so that its results may be taken into account during the NAFTA negotiations and other bilateral efforts. We understand that Mexico will prepare a similar review, and we will encourage it to do so.

C. Joint Environmental Initiatives

Beyond these efforts and commitments, we will pursue with Mexico an ambitious environmental program parallel to the NAFTA negotiations. Such efforts will include:

- The design, by the end of 1991, of an integrated plan to clean up the U.S.-Mexico border. The plan's implementation will largely parallel and complement the NAFTA. The plan will cover air and water pollution, hazardous waste, chemical spills, pesticides and enforcement. We will establish a process for public comment on the plan during its design and for periodic review during its implementation.

- Expanded and enhanced cooperation and enforcement by both countries, including such actions as providing an opportunity for the public to submit data to appropriate national authorities on alleged non-compliance and coordinated targeting of potential violators.

- The establishment of a program of technical cooperation and training, which will include facilitation of the sharing of pollution control technology.

For additional details about the Administration's proposals, I would urge you to read "Response of the Administration to Issues Raised in Connections with the Negotiation of a North American Free Trade Agreement" transmitted by the President to the Congress on May 1, 1991.

Question:

The International Trade Commission has stated that a Free Trade Agreement "would likely lead to significant growth in U.S. imports of Mexican tuna. The expected import growth would likely result in significant harm to the U.S. tuna industry, particularly to the cannery in California and, to a lesser extent, the canneries in Puerto Rico." Aside from the harm done to the U.S. tuna industry, there is concern that an agreement could undermine efforts to prevent the killing of dolphins during tuna harvesting. These efforts were codified in the Marine Mammal Protection Act amendments of last year, which restrict the importation of tuna which are not caught using methods to protect dolphins. There is already criticism of these provisions in Mexico.

If a Free Trade Agreement were adopted, would such import restrictions be considered non-tariff trade barriers? If so, would a Free Trade Agreement override these provisions of law?

Answer:

As you know, Mexico is currently challenging the tuna provisions of the Marine Mammal Protection Act (MMPA) under the General Agreement on Tariffs and Trade (GATT). This is a challenge under the GATT, and is unrelated to the FTA. The outcome of that proceeding is scheduled for this fall and will demonstrate whether those provisions are consistent with U.S. GATT obligations.

If the panel were to find that these provisions are not consistent with U.S. GATT obligations, and the panel report were adopted by the GATT contracting parties, then the United States would be expected to conform the MMPA to its GATT obligations.

I would note that the United States and Mexico have been working together to reduce the incidental take of dolphins in Mexican fisheries. We intend to continue working with Mexico to make further progress in this important effort.

FAST TRACK PROVISION

Question:

If the "Fast Track" provisions are disapproved prior to June 1, do you still intend to attempt to negotiate a North American Free Trade Agreement? If "Fast Track" is extended, do you believe you can successfully negotiate an agreement in time to beat the June 1, 1993, final expiration date?

Answer:

As we have stated previously, we do not believe that a North American Free Trade Agreement can be successfully negotiated without the availability of fast track procedures. We will take as long as necessary to complete the negotiations successfully, and are confident that we can do so before the June 1, 1993, fast track deadline.

USTR BUDGET

Question:

Last year this subcommittee provided the full budget request for the Office of the U.S. Trade Representative -- $18.9 million. After mark-up, we were told by the authorizing committee and by your own budget shop that this was an inadequate budget. We were told that even though you are part of the Executive Office of the President, the Office of Management and Budget did not want to appear to be padding your budget. Therefore in conference with the House we went above the President's budget and agreed to a level of $20 million.

You are asking for $20.4 million for fiscal year 1992. Will your budget office tell us again that this is inadequate, or do you believe this is a reasonable budget request? We need to know since we often are criticized for exceeding the President's budget.

Answer:

USTR believes that $20.4 million is a reasonable budget request for FY 1992. We believed and stated that $18.9 million was a reasonable request for FY 1991. We are grateful to the members of the House/Senate conference committee on appropriations for deciding that $1.064 million needed to be added to the OMB request level for FY 1991. As it turned out, costs due to very high Uruguay Round activity, government wide pay raises, and the need to bolster an aging computer system have made these funds indispensable to the smooth functioning of the Agency.

JAPANESE-AMERICAN SEMICONDUCTOR AGREEMENT

Question:

In July of 1986 the United States and Japan reached a bilateral agreement of semiconductor and semiconductor products. As part of that agreement, Japan pledged to take measures to encourage increased purchases by Japanese electronics firms of foreign semiconductors and otherwise help U.S. producers increase their share of the Japanese market. Although a specific market share was not stated, the United States indicated that 20 percent was a target. What is the U.S. share of the Japanese semiconductor market at the present time?

FOLLOWUP: This agreement expires in July 1991. Do you intend to seek an extension or renegotiation of the agreement? If so, will the Administration seek to receive firmer assurances from Japan that U.S. access to the semiconductor market increases?

Answer:

In February, 1991, U.S. market share in Japan was 12.4 percent. However, semiconductor bookings in February were up to 12.7 percent. (Non-U.S. foreign market share in Japan is approximately 1 percent.)

The Administration is in the middle of negotiating a new Semiconductor Agreement with the Japanese.

In these negotiations, improved market access in Japan remains a very important goal. We will seek firm commitments from Japan that U.S. companies can expect market access gains reflective of both their ability and effort to compete in the Japanese market.

Followup question:

If the "Fast Track" provisions are disapproved prior to June 1, do you still intend to attempt to negotiate a North American Free Trade Agreement? If "Fast Track" is extended, do you believe you can successfully negotiate an agreement in time to beat the June 1, 1993, final expiration date?

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ADVANCED TECHNOLOGY PROGRAM

Question:

In the latest issue of the Harvard Business Review, Clyde Prestowitz and others argue that the GATT structure is outmoded. Rather than pursuing the goal of rationalizing free trade throughout the world, the article suggests that we should concentrate on bilateral trade agreements which allow us to target trade opportunities. In addition, we should concentrate on reinforcing the strengths of the American economy -- through government/industry cooperation if necessary.

One example under the jurisdiction of the subcommittee is the Advanced Technology Program of the National Institute of Standards and Technology. It is designed to leverage American private industry efforts to enhance the commercialization of high technology products and processes.

In the appropriations act for the current fiscal year, we included bill language to limit the participation of foreign companies in this program unless they agreed to invest the benefits derived from the grant in manufacturing, research, and employment in the United States. This hardly seems unreasonable, since the program is funded by the American taxpayer. Yet the Administration, and specifically the Office of the U.S. Trade Representative, opposed this provision. Why? Will you oppose similar language if included in the fiscal year 1992 appropriations act?

Answer:

The Administration does not oppose generally limiting R&D grants under the program to companies that meet the criteria in Section 105(b)(1)(A) of the FY 1991 NIST appropriations bill, namely, those which have invested in the United States in research, development, and manufacturing; have contributed to employment in the United States; and have agreed to promote the manufacture of products resulting from technology developed through the grant in the United States, taking into account the goals of promoting the competitiveness of United States industry. We understand similar language has been included in Section 201(c)(6), subparagraph (10)(A), of the FY 1992 appropriations bill.

These criteria, however, should be applied universally. If the purpose of the ATP program is to promote our competitiveness, it should not matter whether a company that meets the criteria is owned by U.S. nationals or is a subsidiary of a foreign firm.

Unfortunately, the next subparagraph of both the FY 1991 and proposed FY 1992 appropriations bills implies that there may be discrimination between recipients simply on the basis of their ownership. Foreign-owned firms are required to meet three additional conditions -- namely, that the government of the country from which the parent company comes: (a) allows U.S. firms to compete for grants from programs similar to the ATP on a basis comparable to that of any other company; (b) permits local investment opportunities comparable to those afforded any other company; and (c) provides adequate and effective protection of intellectual property rights of U.S.-owned firms.

The Administration believes strongly that all governments should provide such treatment for U.S. investors and U.S. intellectual property rights. Indeed, achieving such treatment is one of the key negotiating objectives in the 1988 Omnibus Trade Bill, and we are vigorously pursuing this objective through the GATT, the OECD, Bilateral Investment Treaties, Special 301 and other vehicles.

However, enshrining these as conditions for participation in the ATP program is wrong.

First, this provision could undermine the goal of the ATP program, since a firm with significant employment, manufacturing and research in the United States could be disqualified simply because of actions by a government beyond its control, despite the contributions that firm could make to the success of a particular ATP project. Such a disqualification could harm U.S. competitiveness while doing little to change the home government's policies.

Second, imposing such conditions on foreign subsidiaries in this country is inconsistent with a fundamental tenet of U.S. international investment policy -- the provision of national treatment to foreign investors. This policy has demonstrably promoted the economic growth and development of the United States; it is not in our interest to undermine it.

Further, the conditions in the bill call into question U.S. commitment to the principles of the treaties of Friendship, Commerce and Navigation, the Bilateral Investment Treaties, and the Organization of Economic Cooperation and Development (OECD). Indeed, the OECD has already written to the United States noting that, in its view, the provisions in the FY 1991 ATP appropriations represented the first violation by a member country of an understanding reached in November, 1988 for a standstill on exceptions to national and most favored nation treatment of investment from other OECD members.

When the United States is perceived as turning its back on both our essential principles and our international commitments, we weaken our ability to achieve our objectives of promoting a more liberal global investment regime and better treatment of U.S. investment in other countries. Accordingly, the additional conditions placed on foreign subsidiaries should be eliminated. At the very least, a provision should be added to allow the Administration the flexibility to ensure that the program is implemented in a manner consistent with our international obligations.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

Question:

Section 22 of the Agricultural Adjustment Act of 1933, as amended, authorizes the President to impose fees or quotas on imported products that jeopardize USDA commodity programs. U.S.C. 624 (f) states that the provisions of Section 22 supersede any international agreements entered into heretofore or hereafter by the United States.

Knowing that the ability of individual nations to determine access to their domestic agricultural markets is one of the most contentious issues being discussed in the Uruguay Round of the GATT negotiations, why are our U.S. trade negotiators willing to trade away the safeguards provided by Section 22 without demanding equitable concessions for U.S. agriculture in return?

Answer:

This interpretation of the U.S. position is incorrect. We have repeatedly stated that we are prepared to modify our agricultural support and protection system, but we will not make those changes unless other countries make similar commitments. We would not give up Section 22 unless other countries, including the EC, agreed to make similar changes to their non-tariff barriers in the context of a multilateral agreement.

Must the U.S. agree to modify all Section 22 quotas in order to reach a GATT agreement? The answer is yes if we want to reform similar barriers in other countries, such as the European Community's variable levy system, Japan and Korea's prohibitions on rice imports, and Canada's import system for dairy, poultry and egg products. Whenever we raise the issue of reforming non-tariff import barriers in other countries in the GATT discussions, the immediate rejoinder relates to the U.S. willingness to undertake similar actions on our Section 22 import quotas.

We do recognize that temporary import relief measures may be useful during the implementation period. We have proposed that a tariff snapback mechanism be permitted during the implementation period. Under our proposal, if either an import volume or an import price trigger is exceeded, a country would be permitted to automatically raise tariffs to moderate a surge in imports, i.e. no injury investigation would be required.

Question:

The European Community currently subsidizes its sugar producers well above their cost of production. Identical, across-the-board reductions in subsidies, as set forth in the Hellstrom proposal, would maintain EC support levels above the cost of production while the level of support for U.S. sugar producers would approximate or fall below the cost of production.
What evidence can the Administration provide to assure me that the domestic sugar industry will not be irreparably harmed if the Hellstrom proposal, or a similar identical percentage reduction plan is adopted?

Answer:

Our comprehensive proposal for the agricultural negotiations requires reduction commitments on each of the sources of agricultural trade problems: trade-distorting internal supports, import access barriers and export subsidies. In order to assess the results of reform, it is necessary to consider fundamentally important interactions between the three separate commitments. Looking just at one area, such as internal support, gives a very misleading picture of the reform process.

In the case of sugar, EC commitments in the areas of market access and export subsidies would have substantial effects on the sustainable level of domestic production. In addition to reductions in support provided by the CAP, the EC would be required to convert its variable levies on sugar to tariffs, to provide access opportunities at zero or low tariffs, and to reduce export subsidies and newly-converted tariffs on sugar and sugar products.

At the same time, USDA analysis indicates that U.S. sugar production and prices in 1996 would be slightly below what is expected under current (no GATT agreement) projections. USDA analysis is based on equal percentage reductions in each of the three areas, along the lines outlined in our 1990 proposal.

Question:

The Administration strongly supports the extension of fast-track authority for negotiating trade agreements under GATT. I oppose the extension of fast-track authority because, so far, the Administration has not provided specific information on the impact of GATT agreement on the Hawaiian sugar industry. Proponents of fast-track maintain that rather than excluding Congress from the negotiating process, fast-track forces our trade negotiators to draw Congress deeper into the process.

If fast-track authority is granted, how does the administration propose to involve Congress in the negotiations and to address the concerns expressed by Members of Congress that have not been addressed so far?

Answer:

The Administration will work in close cooperation with the Congress throughout the negotiations and beyond. I and other Administration officials have been consulting regularly and frequently with Congress, and will continue to do so. We will take the time necessary to conclude agreements in which both the Congress and the Administration can take pride.

As you know, in past trade negotiations there have been close consultations. In addition, the package for implementation of trade agreements, including the implementing legislation and statements of administrative action, have been developed working closely with Members of Congress and their staff.

QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

ARAB BOYCOTT

Question:

Arab League members that belong to the GATT included Kuwait, Tunisia, Mauritania, and Morocco. The Arab League primary boycott against Israel has been in effect since the early 1950's.

* Do you consider the primary boycott against Israel by these countries to be a violation of the GATT?

* Does the secondary boycott against U.S. firms that do business with, trade, or invest in Israel or in Israeli firms create barriers to trade for U.S. business?

* Do you consider the secondary boycott as a violation of the GATT? If you consider it a violation, what are the options the U.S. government has through the USTR's office to address this violation?

* If U.S. companies were denied contracts by the Kuwaiti government because of dealings with Israel or Israeli firms by the Kuwaiti government, would that constitute a violation of the GATT?

Answer:

To date there has been no ruling on the consistency of the boycott practices with GATT obligations. Whether they constitute a GATT violation would depend on whether those countries participating in the boycotts invoked any of the exceptions contained in various GATT articles.

The boycotts against American firms are a barrier to trade, but it is not clear how much impact they have. In our view, the best way to address this issue is to work directly with the countries involved as a political matter, along with continued vigilance in the enforcement of our anti-boycott laws.

FOREIGN TRADE BARRIERS REPORT

Question:

Every year, the USTR submits a report to Congress on Significant barriers to trade.
* Do you consider the Arab League secondary and tertiary boycott against American companies that do business with, invest in, or trade with Israeli firms a barrier to trade?

* Could you incorporate this secondary and tertiary boycott into the USTR's annual report on foreign trade barriers under existing authority?

Answer:

The Arab League secondary and tertiary boycotts against American firms are a barrier to trade, but it is not clear how much actual impact they have. The NTE is not a comprehensive listing of all trade barriers. Obviously, we put a lot of weight on the advice and protests we receive from industry in gauging the practical effect of a barrier. In that respect, USTR has received few if any complaints about the boycotts from U.S. industry.

Notwithstanding that fact, USTR is growing more concerned by the potential for the boycotts to result in lost trade. In the first place, more U.S. companies are becoming interested in doing business in the region and therefore the scope of application for the boycotts is expanding. Second, the boycotts may diminish the value of the U.S.-Israel Free Trade Area Agreement by making American firms think twice about trading with Israel.

We will give serious consideration to including mention of the boycotts in the 1992 NTE report. Our decision will hinge on the degree of success the Administration has over the next year in seeking to ameliorate or eliminate the boycotts and the number of complaints we receive from U.S. industry, coupled with our own judgement of the scope of the barrier to U.S. trade.

INTELLECTUAL PROPERTY

Question:

Ambassador, the Mexicans have committed to enact a new law to protect intellectual property. From what I've seen, major problems remain. I've outlined those in a letter to you. I know you share my support for strong intellectual property protection. My question is this:

* Is it our government's position that Mexico must enact a satisfactory patent law before we enter into free trade talks?

Answer:

Prompt enactment of a world-class patent law in Mexico is one of our most important bilateral issues with that country. Mexican officials have assured us that the bill that they will introduce in this session of their legislature will provide strong protection for patents. For example, the legislation will provide for product patent protection for pharmaceutical, including adequate transitional protection for products patented in certain other countries, a term of protection of 20 years from filing the application, significant limitations on the possibility of granting compulsory licenses, and express recognition that a compulsory license will not be granted if there is importation of the patented product.

Mexican officials have assured the Administration that they expect that this legislation and amendments to their copyright law will be acted upon in the current legislative session which ends in mid-June. Once the patent law and copyright law are enacted, Mexico should have of the most modern intellectual property regimes in the world.

Question:

As far as I can tell, the ITC did not even consider the cost-savings of doing business in Mexico because of their lax environmental enforcement. Some industries have gone so far as to admit that lower compliance costs are a real factor when deciding whether to move south of the border.

* Don't you agree that if Mexico lets industry avoid pollution abatement costs, it gives industry a chance to compete unfairly with American industry?

* Don't you think that parity between Mexico and the US PAC costs is an important condition before a fair and effective FTA can be established?

* Why shouldn't these differences be on our trade agenda?

Answer:

Mexico and the United States agree that efforts at trade liberalization should be complemented by efforts to enhance environmental protection. President Salinas is determined to keep Mexico from becoming a pollution haven for North America, and we wholeheartedly support him.

Mexico passed a comprehensive environmental protection law in 1988 that adopts many of the same general approaches to protecting the environment as have been applied in the United States. All new investments are being held to the higher standards of this law, and an environmental impact assessment is required to show how they will comply.

Of course, good laws require good enforcement. Mexico is beefing up its enforcement activities. It has imposed 980 temporary industrial closures and 82 permanent closures for non-compliance with its laws. It has greatly increased its budget for environmental enforcement and is planning to add 50 new inspectors for the border region and 50 for Mexico City. And President Salinas recently announced his decision to close Mexico's largest oil refinery, at a cost of roughly $500 million and perhaps as many as 5,000 jobs.

President Salinas has made it clear that he will not permit Mexico to be polluted in order to gain short-term economic advantage. We have made it clear we will not lower our standards and will work with Mexico to improve environmental protection. Companies would be foolish to invest in Mexico on the assumption that they can avoid environmental regulation or enforcement.

With respect to reaching parity between U.S. and Mexican pollution abatement standards, as discussed more fully in my response below, the Administration is committed to working with Mexico to help enhance its standards and enforcement. We are also committed to doing nothing in the NAFTA that would weaken U.S. health,safety and environmental standards.

More broadly, however, it would be unrealistic to assume that all policies, whether in terms of fiscal or monetary policy, product standards, or health and safety standards be identical before freeing trade. The key is to ensure that as policies are applied that they are applied on a nondiscriminatory basis as between foreign and domestic goods, services or investment.

Finally, with respect to our trade agenda with Mexico, the President has outlined a broad approach, involving the full range of Federal agencies, to address issues of environmental concern.

For additional details about the Administration's proposals, I would urge you to read "Response of the Administration to Issues Raised in Connections with the Negotiation of a North American Free Trade Agreement" transmitted by the President to the Congress on May 1, 1991.

Question:

I think we should assure that our trading partners provide minimum, enforceable environmental controls. We should do it to protect the global environment. We should do it to protect the US environment. And we should do it to protect fair trade, by insuring that countries don't compete by cutting environmental corners. But when we put environment on the table, our goal should be to set regulatory floors - not ceilings. Countries should have the right to set laws strong enough to protect their residents and resources. For instance, I heard that certain subsidies to fund reforestation efforts in British Columbia were successfully attacked by US industry as unfair. And I've also heard that the dolphin protection provisions within the Marine Mammal Protection Act has been challenged by Mexican fishermen as an unfair barriers to trade.

* Let me ask you this: Do you think any of our US environmental laws - whether they concern pesticide residues on fruits, air quality standards or safe drinking water, to name a few - might constitute unfair trade barriers to foreigners?

* Do you see any circumstance under which the implementing legislation of a GATT or Mexico agreement might include any amendments to American environmental laws?

* Do you see us entering into any agreement wherein we would allow an international dispute resolution body to determine whether U.S. environmental laws are unreasonable?

Answer:

U.S. health and safety and environmental laws, rules, regulations and standards are designed to protect the health and safety of our people and our environment. They are not imposed as trade barriers which discriminate against foreign products. They apply equally to domestic goods and foreign goods imported into the United States.

In response to your second and third questions, as I noted in my earlier response, the President has made it clear that we will not agree to weaken our environmental, health or safety laws, regulations and standards in the NAFTA negotiations. Nor will we do so in the Uruguay Round.

With respect to dispute resolution, our goal is to strengthen the current GATT rules so as to ensure that justifiable environmental, health and safety regulations cannot be challenged as unwarranted trade barriers.

With respect to dispute resolution, any dispute resolution mechanism would not examine whether U.S. environmental laws are reasonable. Instead, a dispute resolution panel would look to see whether a measure is that has trade effects is applied fairly, or whether the measures is in fact environmentally based rather than using environmental claims as a guise for protectionism.

Question:

I'm familiar with some of your testimony before the Senate Finance and House Ways and Means Committees. Based on these and other testimony from the USTR, it appears that the Administration has been - and continues to be - averse to discussing environmental issues directly within the context of trade negotiations.

* Is this a correct representation of the Administration's position?

* If yes: So then you don't agree that economic decisions that encourage increased industrialization will inevitably affect the environment?

* If no: Does this mean that enforceable environmental controls will be a part of the implementing legislation presented to Congress?

* Does this mean that a NEPA-style EIS would be completed prior to ratification?

Answer:

We intend to include environmental issues related to trade in the Free Trade Agreement. These include maintaining the right to exclude any products that do not meet our health or safety requirements, and the right to impose stringent health and environmental standards.

At the same time, in parallel to the Free Trade Negotiations, we intend to pursue an ambitious program of cooperation on a wide range of environmental matters, including the design and implementation of an integrated border environmental plan, consultations on national environmental standards and regulations, discussions on enforcement activities, and establishing a program of technical cooperation and training.

We will also, in consultation with interested members of the public, complete a review of U.S.-Mexico environmental issues, with particular emphasis on possible environmental effects of the Free Trade Agreement, to enable U.S. officials to consider the results during the negotiations.

TRADE ADJUSTMENT

Question:

The USITC report on likely impact of an FTA indicates the possibility of job losses in the manufacturing of machine tools, industrial equipment, automotive products, steel, shoes, apparel, and textiles, as well as horticulture and low-end household glassware.

* Does the Administration plan to include an adjustment component as an integral part of the implementing legislation for any agreement it might reach?

* If not, why not?

* Would the worker-adjustment provisions of last year's Clean Air Act amendments or last year's Defense Conversion Act provide models of the type of provision you should include in implementing legislation for a Mexico FTA?

Answer:

Even though we are convinced that the FTA will result in a net positive effect on U.S. employment, we should ensure that the FTA contains adjustment provisions to avert injurious effects or dislocations that may arise as a result of FTA liberalization. While we are convinced that the best adjustment program is a healthy and expanding U.S. economy, we recognize that effective retraining and adjustment programs facilitate smooth adaptation to ongoing shifts in technology and industrial competitiveness.

The Administration is firmly committed to a worker adjustment program that is adequately funded and ensures that workers who may lose their jobs as a result of an FTA with Mexico will receive prompt, comprehensive, and effective services. Worker adjustment services, whether provided through the improvement or expansion of an existing program or through the creation of a new program, should be targeted to provide dislocated workers appropriate services in a timely fashion.

The Administration is committed to working with the Congress to ensure that the objectives outlined above are met and adequately funded. Any needed changes to U.S. law to implement such a program should be in place by the time the agreement enters into force and could appropriately be addressed in legislation implementing a NAFTA.

SUBCOMMITTEE RECESS

Senator RUDMAN. I think we will conclude the hearing on that note. I may have a couple of questions myself in furtherance of our discussion this morning. It is always a pleasure to have you here, and we are going to recess until 10 a.m. on Thursday, when we will review the budgets of the U.S. Information Agency and the Board for International Broadcasting. The hearing is concluded.

Ambassador HILLS. Thank you very much. Always good to be with you.

[Whereupon, at 10:40 a.m., Tuesday, April 16, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, April 18.]

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1992

THURSDAY, APRIL 18, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:15 a.m., in room S–146, the Capitol, Hon. Ernest F. Hollings (chairman) presiding.

Present: Senators Hollings and Rudman.

U.S. INFORMATION AGENCY

STATEMENT OF EUGENE P. KOPP, ACTING DIRECTOR

ACCOMPANIED BY:

WILLIAM P. GLADE, ASSOCIATE DIRECTOR FOR EDUCATIONAL AND CULTURAL AFFAIRS

JOSEPH BRUNS, CHIEF OF STAFF, OFFICE OF THE ASSOCIATE DIRECTOR, VOICE OF AMERICA

CARL GERSHMAN, PRESIDENT, NATIONAL ENDOWMENT FOR DEMOCRACY

MARTHA JOHNSTON, DIRECTOR, OFFICE OF CONGRESSIONAL LIAISON

KENJI SUMIDA, INTERIM PRESIDENT, EAST-WEST CENTER

STANLEY M. SILVERMAN, BUDGET OFFICER

BUDGET REQUEST

Senator HOLLINGS. We apologize. Senator Rudman will be along momentarily. The subcommittee this morning will hear from the international affairs agencies under our jurisdiction charged with ensuring free access to information overseas and helping conduct U.S. public diplomacy overseas, the U.S. Information Agency and the Board for International Broadcasting.

We will first hear from Mr. Eugene P. Kopp, the Acting Director of the U.S. Information Agency. In fiscal 1992, the President's budget request is $1,059 million, an increase of $52.8 million over current appropriations. The increase is made up of must pay bills as well as some modest initiatives in Eastern Europe, the Middle East, broadcasting to Cuba, and the National Endowment for Democracy.

PREPARED STATEMENT

Mr. Kopp, we welcome you to the subcommittee, and also your associates. We would be glad to include your statement in its entirety in the record. You can deliver it as such, or highlight it as you wish.

[The statement follows:]

STATEMENT OF EUGENE P. KOPP

Mr. Chairman, Members of the Subcommittee: I appreciate this opportunity to present the United States Information Agency's appropriations request for fiscal year 1992. Extraordinary changes have taken place around the world in the past year-and-a-half. In light of these changes, I wish to begin by re-examining what USIA's mission is and how the Agency serves our national interests.

Born in a time of superpower confrontation, USIA is sometimes referred to as a "Cold War agency." USIA has countered communist ideology and practice during its lifetime. We did it very effectively—by telling the story of America and its democratic system—to millions of people around the world. The leaders of newly democratic Eastern Europe have attested to that. But anti-communism was never our only or our principal stock-in-trade, even during the darkest moments of the Cold War.

The United States emerged from World War II a global power with unprecedented international commitments and responsibilities. Unlike the mood and tendencies after World War I, isolationism was not to be an option for our country in the late 1940's and beyond. As our leadership role was consolidated in the postwar period, it was apparent and imperative that the United States Government have a global ability to communicate information about official policies and about American society to worldwide audiences. President Eisenhower recognized this need in his "Special Message to Congress" in June 1953, requesting the establishment of USIA. The President began his message with the following words:

> The history of recent decades has brought profound and irrevocable change in the role of our nation in world affairs. We have assumed a position of leadership among the free nations of the world in our united quest for a just and lasting peace. No national ambition, no selfish desire, but the sheer force of circumstance—the compelling need of freedom's cause—has brought us to this position and this responsibility.

The Agency's work is often termed "public diplomacy," which can be defined as public activities directed abroad, primarily in the fields of information, education, and culture, to advance and advocate U.S. policy objectives and increase mutual understanding between Americans and peoples of other nations. Briefly put, we labor in the vineyard of ideas. We provide the citizens of other nations with information about the United States and in the process work to correct misperceptions—about American society and our actions—which can otherwise undermine our foreign policy goals.

Political change, coupled with a revolution in communications technology, has greatly increased the number of people with easy access to radio and television, even to uncensored news. But that is no guarantee that our policies, actions, and society will be understood. A global explosion of information is at hand. Such a rapidly rising tide of information may sometimes confuse rather than clarify. It is USIA's job, therefore, not only to provide foreign audiences with accurate and timely statements of official policy but to explain those policies in the context of our democratic system.

In the multi-polar world of the 1990's, we must, as one student of international affairs recently stated, "learn to persuade where we used to command." Our international powers of advocacy will be determined by the strength and consistency of our arguments, the manner in which they are presented, and the groundwork we lay to make them understood. Success or failure in this effort will affect our national interests and security.

The Persian Gulf crisis provides a dramatic example of public diplomacy's utility in foreign policy. The struggle on the political front has been as intense as the military campaign, with both sides seeking the support of international public opinion.

Because we had our infrastructure in place, we were able to mobilize the full array of our resources in support of Operations Desert Shield and Desert Storm rapidly and effectively. In coordination with the White House, Department of State, and Department of Defense, we drafted and put into action a public diplomacy plan to generate support for the goals of the coalition aligned against Saddam Hussein and to keep foreign governments, the media, and global publics informed about U.S. policies. We revised the thematic and operational portions of the plan many times as the crisis unfolded and we faced new challenges. The Agency assigned Arabic-speaking officers as Public Affairs Advisors to the Joint Information Bureaus in the Gulf Region and to General Schwarzkopf at Central Command. Voice of America broadcasting hours to the Gulf were greatly expanded, with additional time dedicated to providing news and information to key audiences. The VOA signal into the Gulf was enhanced. Agency elements produced and transmitted to USIS posts worldwide thousands of press articles, transcripts of official texts, policy guidances, and special features covering every aspect of the conflict relevant to our public affairs needs. Our domestic Foreign Press Centers provided information on official positions for large numbers of foreign journalists. TV WORLDNET programs have carried live coverage of major speeches on the Gulf by President Bush and other senior decision makers and provided top Administration officials with the opportunity to discuss U.S. policy with foreign audiences worldwide.

From the start, USIA kept U.S. policymakers informed of trends in international public opinion as reflected in the foreign media and by means of our own opinion polling. We carefully monitored Iraq's all-out campaign of disinformation, exposed its lies to world opinion, and recalibrated our own strategy to counter Iraqi propaganda. Armed with the information and products provided by USIA in Washington, our Foreign Service Officers are vigorously and effectively advocating U.S. Gulf policy. Much more needs to be done as peace is secured and as we address the future in this volatile area.

This response by USIA to a crisis situation should not obscure a basic fact—that our efforts and techniques in support of Desert Storm closely resemble a normal day's work, albeit on a vastly different scale. We applied our many and varied resources in the same comprehensive manner as we would address other important public diplomacy issues. Careful planning and coordination among the elements of our Agency and with other units of government are essential ingredients in this process.

The Gulf crisis notwithstanding, much of USIA's work is carried out in fulfillment of long-term goals. We pursue objectives which may not be met in the course of a decade, let alone in a fiscal year: familiarizing foreigners with American society; strengthening personal and institutional ties between the United States and other nations; increasing mutual understanding; fostering democracy abroad. In the aftermath of the Gulf War, this will be a challenge of the highest priority, especially in the Arab world. Resources dedicated to meeting these goals must be applied on an ongoing basis, without the expectation of an immediate or easily measurable return on investment.

Patience is a virtue at USIA, one we can afford because of the confidence we have in the value and ultimate success of our mission. We are now harvesting the fruits of our labor of three decades in Eastern Europe and are laying new seed for the future. Worldwide, there are countless other indications that our broadcasts, programs, libraries, cultural centers and exchanges are having a lasting effect. More than 100,000 foreign leaders have visited the United States in the past 50 years under the International Visitor program, including 125 current or former heads of state and 600 cabinet level officials. For most, these visits constituted their first substantive contact with the United States and came early in their professional and political careers. This year, another 2,600 young leaders will benefit from this experience. Some, perhaps many, will echo the thoughts of Margaret Thatcher, who wrote of her own visit twenty-four years ago: "I saw and felt the vitality and generosity of the American way of life and it has left an indelible impression on my mind." About 5,000 Fulbright scholarships will be awarded this year. How many of these Fulbrighters will, like the new Mexican Finance Minister, Pedro Aspe, rise to positions of great prestige and importance in their fields?

The Fulbright and International Visitor programs are among the most successful of Agency exchanges but there are many others. Increasingly, USIA serves as a catalytic agent in encouraging exchanges, linkages, and other programs between U.S. private and public organizations and the rest of the world. The American people are the wellspring of our democracy and our nation's best resource. Agency programs promoting citizen-to-citizen contact will, therefore, remain at the center of our efforts to foster international understanding.

In his testimony before the House Foreign Affairs Committee in February, Secretary Baker named the consolidation of democracy abroad as the preeminent foreign policy challenge of the United States and a key to the construction of a new world order. He also stated that: "public diplomacy will be one of our most valuable tools as we seek to encourage the worldwide tide of democracy and political pluralism."

Fostering democratic ideas and institutions has been a continuous goal of USIA since our earliest days. The Agency is in a highly advantaged position in carrying out this mission: we have a proven track record; the right contacts and expertise, both in Washington and in the field; and a wide variety of tested programs at our disposal.

We have traditionally taken the lead in dealing with the media, universities, think tanks, and cultural institutions but our programs also reach political parties, labor unions, student and youth organizations, economic and business institutions, the judicial system, and the military. On a daily basis, USIS posts around the world deal with issues such as the administration of justice, constitutional reform, civil-military relations, academic freedom, the rule of law, free market economics, the role of the media in a democracy, civil and human rights, and others.

The product of this labor cannot be easily quantified. We do not construct roads or dams. We don't put food in people's stomachs—but we do feed their minds—and in the field of democracy-building there is no more important task. Progress comes in many forms:

—We see it all across Africa: in our support for constitutional development in Mozambique, Lesotho, Uganda and Rwanda—our seminars on freedom of the press in Zaire—our newly renovated library in Soweto.

—It happens when the programs of USIS Rangoon and VOA broadcasts provide the Burmese people with their only source of uncensored news.

—It took place during military rule in Chile, when USIS Santiago developed an administration of justice program in support of human rights.

—It is being made in Nepal, where USIA supports a transition to democracy by providing information and ideas on free elections and on constitutional development.

—And it is evident throughout Eastern Europe, where our innovative programs—such as the Sister Cities' project to help Poland with democratic decentralization—are having an impact, not to mention our Eastern European keystone, the Marshall Plan of Ideas.

In the 1990's democracy-building will remain a key concern of USIA. We look forward to coordinating closely our efforts in this field with those of other departments and agencies—and with the Congress—in order to maximize their effectiveness.

I mention the Congress because you, ladies and gentlemen, are a valued resource to us. One example comes to mind which nicely illustrates this point. Last year, Congressman Steve Solarz inaugurated our WORLDNET TV interactives to Manila with a program on United States-Filipino relations. An hour before the program started, elements in the armed forces attempted a coup against the Aquino Government. On the air, with the coup in full progress, Congressman Solarz made clear our unequivocal support for Filipino democracy. The program received very heavy press coverage and generated a statement of thanks from President Aquino.

There are other important policy issues that our programs are now addressing and will continue to deal with on a priority basis. They are: support for free market economic principles; the war on drugs; the need for increased awareness of environmental problems; and support for the free flow of information worldwide.

As we look to the future, it is clear that the thaw in the Cold War and the removal of many impediments to worldwide communication will greatly enhance the role of public diplomacy in support of our foreign policy objectives. USIA has never known an international environment offering more potential. But the Agency will face these future challenges and opportunities with severely constricted resources. To that point, let me conclude with a brief review of our current budget situation and our request for 1992:

The 1991 Situation.—The cost of current services in 1991 has been driven up dramatically by exchange rate losses and much-higher-than-expected overseas costs, including foreign national salaries. As a result, we are currently in the process of implementing $32.5 million in staff and program reductions. This action is necessary despite the fact that the Congress appropriated more than the USIA request.

The 1992 Request.—In 1992, USIA will continue to consolidate its program at the reduced 1991 level in most areas. However, we plan to undertake several important, carefully targeted program enhancements. To do this, we will shift some resources from lower priority programs—especially for Western Europe and the Exhibits Service. These choices are difficult—but they must be made. The 1992 request totals $1,059 million, a $48.4 million increase over the 1991 appropriation. Built-in costs of doing business account for $28.8 million of this increase. These will provide for price increases, foreign national wage-scale increases, Federal pay raises, and other built-in needs that are vital for the maintenance of a quality worldwide public diplomacy program. These built-in increases are partially offset by a net decrease in the 1992 amount needed for the modernization of the Voice of America's broadcast facilities; full-year savings resulting from extensive program reductions taken by the Agency in 1991; and other net nonrecurring costs. Net program changes comprise another $19.6 million of the increase. These changes will provide for program enhancements of $30.2 million, partially offset by reductions of $10.6 million in other activities. The increases are primarily targeted for the Marshall Plan of Ideas—initiatives in the Soviet Union and Eastern Europe across a broad range of cultural and informational activities—and for staff and program enhancements in the Middle East. Funding for these initiatives will be obtained in part by reallocating resources from USIA's West European programming and from exchange activities in areas other than West Europe.

Years ago, the renowned journalist Edward R. Murrow served as Director of USIA. He set out a mission for the Agency which he described in these words:

"In the broad sweep, it is the purpose of USIA to portray this country as it really is. We shall tell the yearning, hopeful masses of the world: 'We share your dreams. Ours was the first of the great revolutions. We offer no panaceas. We do offer our experience and energies in the search of betterment, for human excellence. We sponsor and promote a tradition of government by the governed, of revolution by consent.' Basically, the overriding job of USIA is to make this country understood."

In the 1990's and beyond, the United States Information Agency will continue to dedicate its efforts to the fulfillment of this mission.

Thank you very much.

SUMMARY STATEMENT

Mr. KOPP. Thank you, Mr. Chairman. I have a shorter version which I would like to deliver, and I appreciate your courtesy in including the longer version in the record. I appreciate the opportunity to present the appropriations request for the U.S. Information Agency for fiscal year 1992 and to re-examine how the agency serves our national interests.

The United States emerged from World War II a global power. As our leadership role was consolidated in the postwar period, it was imperative that our Government have the ability to communicate information about official policies to worldwide audiences. President Eisenhower recognized this need in his special message to Congress in June 1953, requesting the establishment of USIA. The President began his message with the following words:

> The history of recent decades has brought profound and irrevocable changes in the role of our Nation in world affairs. We have assumed the position of leadership among the free nations of the world in our united quest for a just and lasting peace. No national ambition, no selfish desire, but the sheer force of circumstance—the compelling need of freedom's cause—has brought us to this position and this responsibility.

Our work is often called public diplomacy, which can be defined as public activities directed abroad, primarily in the fields of information, education, and culture, to advance and advocate U.S. policies and increase mutual understanding between Americans and foreigners. We provide the citizens of other nations with information about the United States, and in the process, work to correct misperceptions about American society and our actions, which can undermine our foreign policy goals.

In the multipolar world of the 1990's, marked by a global explosion of information, our country's ability to argue its case in the world marketplace of ideas will affect our national interests and security. Our international powers of advocacy will be determined by the strength and consistency of our arguments, the manner in which they are presented, and the groundwork we lay to make them understood.

The Persian Gulf crisis provides a dramatic example of public diplomacy's utility in foreign policy. Because our agency had its infrastructure in place, we were able to mobilize the full array of our resources in support of U.S. policy from the earliest stages of the crisis. In coordination with other key U.S. Government entities, we drafted and executed a public diplomacy plan to generate support for the coalition against Saddam Hussein and to keep foreign governments, the media, and global publics informed about U.S. policies.

We assigned Arabic-speaking specialists as public affairs advisers to General Schwarzkopf at central command and to other key destinations in the gulf region. Voice of America broadcasting hours to the gulf were greatly expanded, and the VOA signal was enhanced.

Agency elements produced and transmitted to our posts worldwide an unprecedented amount of material covering every aspect to the conflict relevant to our public affairs needs. Our Worldnet TV service carried important speeches from President Bush and other top leaders live and put U.S. policymakers in touch with important audiences throughout the world. We kept our Government informed of trends in international public opinion through our polling and by analyzing foreign media reaction, and we successfully unmasked and countered Iraq's campaign of disinformation.

The gulf crisis notwithstanding, much of our work is carried out in pursuit of objectives which may not be met in a decade, let alone a fiscal year, such as familiarizing foreigners with American society, increasing mutual understanding, strengthening personal and institutional ties between the United States and other nations and fostering democracy abroad. We are now harvesting the fruits of this labor in Eastern Europe and elsewhere and expect further successes to follow.

Our exchange efforts, of which the international visitor and Fulbright programs are two of the most notable, play a key role in this effort. Increasingly, USIA serves as a catalyst in encouraging international linkages involving American citizens and institutions. The agency will continue to promote person-to-person contact on a priority basis.

In his testimony before the House Foreign Affairs Committee in February, Secretary Baker named the consolidation of democracy abroad as the preeminent foreign policy challenge of the United States and a key to the construction of a new world order. He also stated that, "Public diplomacy will be one of our most valuable tools as we seek to encourage the worldwide tide of democracy and political pluralism."

Since its founding, USIA has worked continuously to foster democratic ideas and institutions abroad and will continue to do so. Our agency is in a highly advantaged position in this regard, with a proven track record, the right contacts and expertise, both in Washington and in the field, and a wide variety of tested programs at our disposal. We look forward to closely coordinating our efforts in democracy-building with those of other U.S. departments and agencies, and with the Congress.

We look to a future in which public diplomacy will play an even greater role in support of foreign policy objectives. However, the agency must face these challenges and opportunities with severely constricted resources. We are in the process of implementing large cuts in staff and programs and will continue to reprogram resources as necessary in order to carry out our objectives as effectively as possible.

Now I would like to summarize briefly our 1992 budget request. We are requesting $1,059 million for 1992. That total request represents an increase of $48.4 million over the 1991 appropriated amount, including the recently enacted supplemental for Desert Shield/Desert Storm.

Built-in costs of doing business account for $28.8 million of this increase. These will provide for price increases, foreign national wage scale increases, Federal pay raises, and other built-in needs that are vital for the maintenance of a quality worldwide public diplomacy program. These built-in increases are partially offset by a net decrease in the 1992 amount needed for the modernization of the Voice of America's broadcast facilities, full-year savings resulting from extensive program reductions taken by the agency in 1991 and other nonrecurring costs.

Net program changes comprise another $19.6 million of the increase. These changes will provide for program enhancements of $30.2 million, partially offset by reductions of $10.6 million in other activities. The increases are primarily targeted for the Marshall Plan of Ideas—initiatives in the Soviet Union and Eastern Europe across a broad range of cultural and informational activities—and for staff and program enhancements in the Middle East.

The funding for these initiatives will be obtained, in part, by reallocating resources from USIA's West European program and from exchange activities in areas other than Western Europe.

Years ago, the renowned journalist, Edward R. Murrow, served as Director of USIA. He set out a mission for the agency which he described in these words:

> In the broad sweep, it is the purpose of USIA to portray this country as it really is. We shall tell the yearning, hopeful masses of the world, "We share your dreams. Ours was the first of the great revolutions. We offer no panaceas. We do offer our experience and energies in the search of betterment for human excellence. We sponsor and promote the tradition of government by the governed, of revolution by consent." Basically, the overriding job of USIA is to make this country understood.

In the 1990's and beyond, the U.S. Information Agency will continue to dedicate its efforts to the fulfillment of this mission.

Thank you very much.

CONSOLIDATION OF U.S. INTERNATIONAL BROADCASTING

Senator HOLLINGS. Mr. Kopp, I remember well when Lech Walesa came and he said, "The Voice of America," and when I asked him about it, he answered the question, "What's the world without a Sun?"

And Vaclav Havel of Czechoslovakia, the first thing he wanted to do is meet you folks. He had been listening, but he would have liked to meet the individuals of the voices to which he had been listening to. Yet, now we see a consolidation proposal, a national security directive 51 that says, "Let's put them all together"—that is, I take it, the Voice of America, Radio Free Europe, Radio Liberty, "and combine them all into one agency." The question is:

Would that be an independent agency or under USIA? What is your comment? How would it work and why would we do it?

We have got success, and it seems to me the weapon of choice would be truth, and as the turmoil ensues in East Europe there is a greater need than ever for all of the above, Radio Free Europe, Voice of America, and Radio Liberty. Tell the committee what you think and where we are headed and who would be in charge and does it show bias.

Mr. KOPP. Mr. Chairman, the President asked the National Security Council to conduct a review of international broadcasting activities, and the result of that review recommended the creation of a Presidental task force to look at the future organizational structure that you have just addressed.

We expect that the White House will announce the members of that task force very soon. I should say, however, that conceptually, the national security review, which was adopted by the President, endorsed the concept of an adequate international broadcasting capacity for the U.S. Government closely associated with the executive branch in general and the foreign policy establishment in particular.

This task force will address, principally, the organizational structure. I happen to believe that there will be two principal concepts that will be looked at, at least two: One would have all the broadcasting activities under the umbrella of the U.S. Information Agency, and the other that I have heard that has been floated would have some kind of independent, international corporation for public broadcasting.

My view would be to favor the former and not the latter. As to the subject of Radio Free Europe and Radio Liberty, both of those organizations have contributed in an enormous way to the developments that we now see taking place in Eastern Europe and the Soviet Union.

However, their missions as surrogate broadcasters will decline as local, home credible, truthful home services come on line in Eastern Europe and the Soviet Union.

Their only mission was to take the place of free media, which were nonexistent in these former totalitarian societies. The different countries of Eastern Europe are making progress in developing their own credible media. I think they have a way to go yet, and so I would not be one who would argue immediately that RFE has to shut down. In the case of the Soviet Union, it is quite clear that they are a long way from establishing the kind of independent, credible, truthful media that Radio Liberty now takes the place of.

So I believe that it is timely to have a review of international broadcasting. I believe at some point the mission—probably later rather than sooner—the mission of Radio Free Europe will have been accomplished, and I hope the same will be true of Radio Liberty, but I believe that will be much later rather than sooner.

STATE DEPARTMENT'S REQUEST VERSUS USIA'S REQUEST

Senator HOLLINGS. Well, this is for fiscal 1992, and I agree with you. I don't think it is going to be solved by 1992 by any manner or means. With respect to the particular budget, like I say, there is a leading edge here now on bringing about a democratization in the varying countries. You had the State Department, which got an increase of $533.9 million or 24 percent; the United Nations, $417.4 million or 46 percent; and they pay off the old arrearages there, and we don't see USIA getting a lot of money in the budget. In fact, it references, in some instances, cuts, belt-tightening.

Did Secretary Baker or Under Secretary Eagleburger look over this USIA budget, to your knowledge, or you don't know?

Mr. KOPP. I do not know, but I doubt it, sir. We deal directly with the Office of Management and Budget, and I don't have any reason to think that the Secretary or Deputy Secretary Eagleburger have looked at the budget.

NATIONAL ENDOWMENT FOR DEMOCRACY INCREASE

Senator HOLLINGS. With respect to the NED, the National Endowment for Democracy, which we had misgivings about and then we saw them doing good work, the only newspaper in Prague; the only chance for one down in Budapest, and otherwise. They have some real missions to be performed. They are being increased, let's see, about $5 million. How would this increase be allocated?

Mr. Gershman, do you know?

Mr. SILVERMAN. Mr. Gershman is here, Senator Hollings, if you would like the details.

Senator HOLLINGS. There he is. OK. Let me find him. Mr. Gershman, come forward and have a seat and tell us what we are going to do with $5 million, and why not more?

Senator RUDMAN. Well, that is a change in tune. [Laughter.]

Senator HOLLINGS. I have got something to do other than the Republican and Democratic parties and the Chambers of Commerce and the AFL. Egads. We are going broke and they are going to start financing political parties, but now, you have got some real missions there; isn't that right?

Mr. GERSHMAN. I think we do, Senator. Thank you. Our board met in an extended discussion during the fall, and it was agreed that the Soviet Union would be our chief priority in the next period ahead because of the enormously significant events that are taking place there and the growth within the country of the democratic movement, not only in Russia, but also in the republics. The crucial need that I think everyone has in the world, and especially, of course, in the Soviet Union, but also in Eastern Europe, is to see that the process of transition unfolds as peacefully as possible, because it is going to unfold. I don't believe it is going to be stopped.

We are expanding our programs there, working with individuals representing a broad range of groups, some of whom have just been in town this week for a conference that we put on; people who are leaders of democratic organizations in Russia, but also in the Ukraine, the Baltics, and in other republics as well. Our unions are doing a great deal in the Soviet Union, too. I wouldn't describe it yet as an equivalent to Solidarity, but perhaps one of the most interesting developments has been the growth of an authentic democratic workers movement demanding change. But in addition to the Soviet Union, we, are targeting areas of the world, which, during the initial period of the endowment, we really did not make much progress in. Certainly one was Africa; another was the Middle East.

I think we want to expand our activities in both areas. We have approved a grant for our Journal of Democracy to be produced in Arabic, and an editorial board throughout the region has been put together in the Middle East. We had a seminar all day yesterday with some of the visitors who attended our conference, regional experts from Egypt, Algeria, Kuwait, and Turkey, to discuss how we could expand our associations, our networks of activity, and the work that we do in that part of the world. It is going to be difficult; it is going to be long term, but that is an area where I think we have to expand.

The theme that underlay this meeting that we had was that while the world has experienced this great encouraging democratic expansion over the past 15 years, that it may very well be that that period has come to an end. There may be a few other countries, such as Cuba, where we can expect, in the immediate period ahead, a democratic transition, but the objective over the next period, I think, is going to be to work at consolidation; work at preventing a reverse wave of totalitarianism, and then begin what I think is going to be long-term work of extending democracy to those parts of the world where we are going to come up against much firmer obstacles: the Middle East, where the obstacles will be primarily cultural and political; Africa, where it will also be economic, and those places in Eastern Europe and Latin America, where democracy has now taken root but not a firm root, not a deep root.

MISUSE OF NED FUNDS BY GRANTEES

Senator HOLLINGS. Let us have you administer this GAO, Jack Anderson, quote, "Misuse of some of the funds by grantees." Can you comment on that?

Mr. GERSHMAN. Well, first of all, some of the examples they referred to were examples that were, I think, relatively minor things that we had uncovered through our normal auditing process and then taken corrective measures. Some of them, I think, in that Jack Anderson column, were rather unfair. He referred to some organization in Brussels which did not return interest over $100, as one is supposed to do according to the OMB regulations. That organization, not in Brussels which he referred to, is Solidarity, and they perhaps misunderstood the regulation. There was a currency devaluation, and they applied the interest to the program. It is our obligation to recover that. We understand.

I might point out that the GAO also told us when they went to Poland that they thought Solidarity's recordkeeping was exemplary. There are many grants that we have made, some small grants to far away places, where we have to communicate more effectively with the grantees than we have, about what some of these requirements are. Some of these requirements are not well understood. We have to do that in a better way.

The only excuse I would make why we hadn't had the tightest procedures until now is that we were straining to accommodate ourselves in this global democratic revolution for the first 5 years with a very limited staff, because we did not want to transfer the very limited funds that we had from programs to administration.

We wanted to get as much as possible to the people as we could, and that left us with a very small staff. We think we can do this job of following the dollar, of monitoring. They also want us to do a job of evaluating the whole program. We think we can do that efficiently, without seeing our staff grow in an enormous way, but certainly, some of that $5 million increase is going to have to go toward administration. We will try to limit it as much as we can, but some of it will have to go to administration to accommodate the concerns of the GAO report.

Senator HOLLINGS. The GAO report says that your monitoring is being affected. What about that? I don't want to turn you into an audit group. I can understand with the dynamics of the fall of the wall and everything else, you don't want everybody sitting around crossing t's and dotting i's. You had to get the people out. If you didn't keep any record at all, I would be happy, as long as we are getting some results. But now that it is sort of settling down and getting more in an administrative mode, have you got a good monitoring process, accountability?

Mr. GERSHMAN. I think that is an excellent point, and I sometimes use the phrase, similar to the one you have articulated. We have been through our heroic phase in the great revolution, and now we are settling down, and have got to develop a better system.

We have the controls already; we have to implement them more effectively. We have good controls. They actually say that we are too stringent in one area. We require quarterly reports 30 days after the quarter; they want to wait until 60. Our grants are on an annual basis, and we feel that if we allow 60 days, it is not necessarily going to improve efficiency, but we might lose control of the monitoring process. So we are going to try to accommodate as best we can to the report and introduce a system of evaluation which will give us more feedback on the whole program. We will do that, and without turning ourselves into a green-eyeshade organization.

EAST-WEST CENTER FREEZE

Senator HOLLINGS. The freeze of the East-West Center—Mr. Sumida, is he here?

Mr. SUMIDA. Yes, sir.

Senator HOLLINGS. Tell me about that, when they freeze you at $23 million. That makes you eliminate or reduce understand, certain activities there at the center. You can live with that?

Mr. SUMIDA. Yes, sir; as you know, some of our important activities are our various conferences and workshops that we hold, bringing people from Asia and the Pacific together with Americans for joint study and discussion. What we primarily will do is reduce the number of those workshops plus other kinds of cost-cutting measures, such as leaving positions vacant. That ultimately will affect, of course, our programs.

RADIO AND TV MARTI

Senator HOLLINGS. Mr. Kopp, do you have Radio Marti; TV Marti?

Mr. KOPP. Yes, sir; that is under VOA.

Senator HOLLINGS. What I was starting to say, the aerostat, is that back on the line?

Mr. KOPP. Yes, sir; it was back up in the air and broadcasting earlier this month. We had to bring it down because we are having some mechanical problems, but we expect to have those solved, so we have been back on the air.

Senator HOLLINGS. How about a new transmitting facility; do you have that?

Mr. KOPP. We have a request in for money in this budget to obtain a site and the necessary equipment for the new transmitting facility.

Senator HOLLINGS. But you don't have a site in mind yet?

Mr. KOPP. No, sir; we don't have the real estate identified. We are looking at spots in Florida.

Senator HOLLINGS. Any alternative to that aerostat procedure? That is tenuous, at best. Do you have any alternatives to the current aerostat method?

Mr. KOPP. No, sir.

Senator HOLLINGS. Or is that the best we can do?

Mr. KOPP. Yes, sir, for the moment.

Senator HOLLINGS. Let me yield to my distinguished colleague. I have got a few more questions on Eastern Europe.

Excuse me, Warren.

Senator RUDMAN. That is fine. Thank you, Mr. Chairman.

JAMMING OF TV MARTI

Just picking up on TV Marti, since the question was asked, my understanding is that the Cuban jamming of it was pretty effective.

Mr. KOPP. The Cubans are jamming TV Marti. It is effective in some parts of Havana. However, we have evidence that it can be seen in other parts of Havana and other parts of the island. But it has been a problem for us.

Senator RUDMAN. I understand that it has been broadcasting 3 a.m. to 6 a.m. because of the frequency problems and so forth; is that accurate?

Mr. KOPP. Well, actually, we have been broadcasting from 3:30 to 6 a.m. in order to avoid harmful interference.

Senator HOLLINGS. It is a policy matter. We can broadcast at 12 noon.

Mr. KOPP. That is a policy matter. But under international law and broadcasting regulations, if we broadcast at another time, we would be interfering in a harmful way with Cuban broadcasts, so that is the reason we broadcast at those hours.

Senator RUDMAN. I assume that condition is relatively permanent.

Mr. KOPP. Yes, sir; I think it is.

Senator RUDMAN. So essentially we are talking about a system that is going to broadcast from 3:30 a.m. until 6 a.m. and then some of it is going to be jammed. I don't know if Nielsen has any boxes out there, but I would sure like to know how much we are paying per viewer.

Mr. KOPP. Senator, first of all, we hope to go, in this current fiscal year, to 4 hours of broadcasting, and in this budget, there is an expectation that we would try to expand that if we can get permission from the executive branch to 6 hours in 1992.

I should also say that TV Marti from the satellite is not jammed. If people in Cuba have satellite dishes—and mainly, only the government apparatchiks have satellite dishes—the signal can be received very clearly from the satellite.

Senator HOLLINGS. Let's make it a little more clear. That is all out in the countryside being received. It is having a heck of an effect.

Mr. KOPP. Yes, sir; we have evidence that outside the immediate environs of Havana, it can be received.

Senator HOLLINGS. They are listening to it. They must be something if they get up at 3 o'clock. I would not get up at 3 o'clock.

Senator RUDMAN. That is my question. I am not making a value judgment. I am just asking the question.

Senator HOLLINGS. That has been the policy since the very beginning so they couldn't say we were trying to interrupt or overpower or any of those other things. So you have to want to hear and get up, and yet they do, from 3 to 6 a.m.

Mr. KOPP. It is certainly not prime time, Senator, but we think the symbolism is important, and there is evidence, as the chairman says, that people do make the effort to try to have access to free information about what is going on in their country and around the world.

REALLOCATION OF EXCHANGE PROGRAM FUNDS

Senator RUDMAN. All right. Let me talk to you about the reallocation of some of your exchange funds. That number in this year's submission is $172.5 million, and of that, you are going to redirect $4.7 million to fund initiatives in Eastern Europe, the Soviet Union, and the Islamic world.

Now you are getting that by reducing $2 million in Western Europe, $1.4 million in Latin America, $700,000 in East Asia, and $600,000 in Africa.

I understand fully the redirection from Western Europe. There are many nonfederally funded programs that are very active there, and with things as they are, that can probably be done. I am really wondering what sense there is in reducing any programs that we have in Latin America, Africa, and Asia. It seems to me that that is where we probably need more continued contact.

Now, I will give you an example. This subcommittee, over the years, has fought very hard for a program called the Central America Program for Undergraduate Students, or CAMPUS. We had a lot of objections from the other House but we fought it through. We thought it was important, with all of the money that we were spending on other things in Central America at the time, we thought this was important. The reports are that it has been a good program. It has been level funded at $3.4 million, but due to inflation and other factors, the number of grants awarded will decline substantially.

What sense does it make to reduce exchange activities right now in Central America, which is in our own hemisphere, where we have spent a lot of money in a variety of ways, successfully and un-successfully? I am just wondering about the policy decision to do that, Mr. Kopp.

Mr. **Kopp**. Senator, from a policy point of view, it doesn't make any sense at all.

We just have a finite universe of resources, and in a situation where we have been authorized to ask for this particular amount and we have been asked to make enhancements in the Soviet Union, Eastern Europe, and the Middle East, we are in a situation where, in order to increase programming, we have to reduce programming elsewhere. It is very painful, and it is something that we do not want to do. I would like to invite Dr. Glade, who is the Associate Director for the Educational and Cultural Affairs Bureau, to add any comments he might want to make, with your permission.

Senator **Rudman**. I would be delighted. I know the subject I am speaking of is one that, frankly, the chairman of this subcommittee really fought for and made the point that many of these youngsters were being shipped off to Cuba and the Soviet Union.

We wanted a modest little program, and this is our own hemisphere. Prague is a very glamorous place, and so is Warsaw and many other places. They are wonderful places, very exciting, but the fact is, we have got a lot of trouble in our own backyard. I would hate to see us take one dime out of those programs. I would like to hear your response.

Mr. **Glade**. Well, the initial response to this was, in fact, to take substantially more out of Asia, Africa, and Latin America as well as Western Europe for the build-up in Eastern Europe and in the Soviet Union as well as the Middle East.

Through a long and fairly complicated series of negotiations we had, I am pleased to say that we did substantially reduce the amount that we would have to cut back in those other world areas. We felt that the original request for Eastern Europe and the Soviet Union as well as the Middle East, in fact, transferred far more resources to those areas than they can profitably and productively absorb. So we did scale back the build-up in the priority regions and reduce substantially the cuts in the others.

I would have to reiterate what the Acting Director said: These are painful cuts. I think other things that we may face will be equally painful in reductions, but with the budget we have received and what we were allowed to ask for, I think that is the best we can do.

FULBRIGHT FOREIGN SCHOLARSHIP BOARD

Senator **Hollings**. Is this coordinated with Mr. Charles Dunn and the Fulbright Foreign Scholarship Board.

Mr. **Glade**. I would have to say that this is, perhaps, one of the more disturbing aspects of this whole exercise. It is the prerogative of the J. William Fulbright Foreign Scholarship Board to set policy in our exchange's budget. In this case, for the first time ever, the prerogative was modified, let us say, and intruded upon, and so it was not the decision of the J. William Fulbright Scholarship Board. It came from elsewhere.

Senator **Hollings**. We received some complaints.

Senator **Rudman**. I would just make the observation that it is a lot like having a lot of small fires raging, and we only have a few fire trucks. So, essentially, what you are doing is getting the fire down to where you think it is just smoldering and you are moving on to the next fire. Eventually, of course, the fires all get going and everything burns down.

If anybody really believes that we have got less problems in Central America today than we had 10 years ago, then they have been living on Mars. So I will tell you this: I don't know how much support I will have over on the House side. I expect I will have a lot of support from the chairman. I think we are going to make sure that for the little amount of money that we are talking about we are going to try to continue to do some things with students in Central America. With all due respect to Czechoslovakia and Korea and all of these other countries I think we have to pay some attention to our own backyard, so don't be surprised if you see instructions from Congress that are somewhat different from what you got downtown.

SEVILLE

Let me go on to Seville. Not a bad idea; we should go on to Seville. [Laughter.]

Senator HOLLINGS. You can't find anything there. We are still building; we are behind schedule.

Senator RUDMAN. My understanding is that you expected a bid of about one-half of what you got. You got a bid of $26 million. I understand the bid was not on the top design based on USIA criteria, but that a choice was made to pick another design; is that accurate?

Mr. KOPP. Let me take the second question first, Senator.

I returned to USIA in August 1989. By that time, a design had been picked by Director Gelb. There was a national competition, and it is my understanding that the design that was recommended as a result of that national competition was not chosen by Director Gelb, but he chose this other design.

And you are quite right. When the bids came in, they were two to three times what we had anticipated, so we have had to go to another design because the original bids were just outside of our budget. We are way behind, I am frank to tell you. The invitation for bids is going out just about now, and we expect the estimates to come in the middle of May.

Senator RUDMAN. When does the exhibit start?

Mr. KOPP. It starts 1 year from now.

Senator RUDMAN. Just about 1 year from now.

Mr. KOPP. Yes, sir; we have had considerable problems, delays, delays initially in getting authority from the Congress to reprogram money, and we were not successful in raising any funds from the private sector until it was clear there was going to be a Federal commitment. Now, however, we do have $13 million plus in Federal funds; we have an additional $7 million in either cash or in-kind contributions from the private sector, and we hope we are going to be able to make up the balance, but the key point will be May 15 when we see what these bids are going to look like.

Senator RUDMAN. I take it that you are not going to ask us for any more money than the agreed-upon $14.5 million ceiling.

Mr. KOPP. No, sir; no, sir, we are not.

Senator **HOLLINGS**. What is the balance? You say $13 million and $7 million. What is the balance?

Mr. **KOPP**. The whole project is about $29 million.

Senator **RUDMAN**. Of which $14.5 is appropriated.

Senator **HOLLINGS**. You are going to get the rest of that?

Mr. **KOPP**. Well, we hope so, Senator. We are conducting a very active campaign to raise money from the private sector.

CONSTRUCTION OF PAVILION

Senator **RUDMAN**. I know this is not on your watch, but could you explain something to me. I know we have cost overruns in DOD, but I thought that they are getting better. But this is construction of a building. How could you have a bid that architects and engineers put together with specifications saying we want to spend $13 to $14 million, and have them come back with $26 million? How did that happen?

Mr. **KOPP**. Well, it happened because you have an overheated construction market in Spain, and so supply and demand is how it happened. They not only have the Seville project, but as you know, they are going to have the Olympics in Barcelona in the summer of 1992.

Senator **RUDMAN**. What you are telling me is that the Spanish construction companies have seen a good thing coming.

Mr. **KOPP**. That is exactly right, a bird's nest on the ground.

Senator **RUDMAN**. That is wonderful. Well, at least we only have $14.5 million Federal.

Mr. **KOPP**. If I may say so, Senator, one alternative that we are considering is to approach some American firms and see if we cannot get them interested in helping with this project at a reasonable cost.

Senator **RUDMAN**. Wouldn't some of the American and international construction firms have an interest from the beginning in building this?

Mr. **KOPP**. No; at least in the first go-round they were not. But in our scaled-down design, we are now going to use two geodesic domes which we own and we have in warehouses in Vienna instead of a building. There will be one new building built, 18,000 square feet, but the scaled-down design will now utilize these two geodesic domes.

POST CLOSINGS

Senator **RUDMAN**. Could we talk about post closings for a moment? Looking at the numbers and so forth, it seems that you have to begin some post closings in the near future or at least the beginning of the fiscal year in order to achieve savings in 1992. Do you have any of those planned?

Mr. **KOPP**. Yes, sir; we have prepared a tentative list which has not yet been discussed with the Department of State, but as a result of the reductions in Western Europe. In order to fund the enhancements in the Soviet Union and Eastern Europe, it looks like we will have to close at least 12 installations, mainly branch posts in Western Europe.

There will be probably only one major mission post that we would close, and so even though some branch posts will be closed, we will still have operations in each of the countries.

GAO REVIEW OF THE NATIONAL ENDOWMENT FOR DEMOCRACY

Senator RUDMAN. All right. Let me just ask my friend Mr. Gershman a question. I have read the GAO review of the National Endowment for Democracy. I would only comment that with all due respect to GAO, you do not have grantees that are located within the United States. I mean, you are not auditing Rockingham County, NH, to see if they have spent their grant properly.

You have got a number of grants all over the world with people who are not in direct contact with you on a daily basis, even with telecommunications as they are. So I find some of this criticism, frankly, minor, but I do believe that the chairman is right to the extent that there could be audit trails in place that are more effective and I think you would save yourself future grief.

I was curious, though. There seemed to be quite a reaction from the House Foreign Affairs Subcommittee. They have jurisdiction over USIA, and they are recommending a legislative provision to withhold $5 million from the Endowment until a report is issued by the NEA. What is that all about?

Mr. GERSHMAN. They are meeting this morning, as a matter of fact, right now, and there was going to be an amendment introduced to that effect by Congresswoman Snowe and Congressman Ted Weiss. I think that they want to have some leverage over us to make sure that we take adequate steps to deal with the management problems that the GAO talks about.

Now, my own feeling is that we can do that. We have already prepared a paper on the financial part of the GAO report, chapter 3, dealing with financial controls. We think we can improve communications with the grantees so that those people in places that are very hard to communicate with understand what it means to return over $100 if it is deposited in an interest-bearing account and so forth, and also to develop a system of evaluation, which is much more complex and much more difficult.

Senator RUDMAN. You are going to end up spending one-half your budget for administration if we follow GAO's recommendation. With all due respect, I think we ought to make sure that the dollars we spend are not spent on individual living expenses and cars and travel and all that sort of thing. I think this committee may try to make them understand that we want you to make sure that the money is spent wisely. I agree with the chairman. We will end up here with another bureaucracy which will deliver services with about the same efficency as the rest of the bureaucracies, which in my opinion is about 20 percent.

Mr. GERSHMAN. If that happens, you certainly won't see me at the National Endowment for Democracy.

Senator RUDMAN. I am sure.

Mr. GERSHMAN. I would have left a long time before that. I am not going to permit that to happen as long as I am there. I think we can implement certain measures in a very cost effective way to respond to their concerns, and we will prepare a report. We were going to do it anyway.

Senator **RUDMAN**. We will get a copy of that, of course, as soon as it is done?

Mr. **GERSHMAN**. Of course.

Senator **RUDMAN**. I would just suggest that it is one thing to have an audit trail, it is something else to establish a bureaucracy for what is essentially a very creative and very unusual kind of activity.

Mr. **GERSHMAN**. If I may say, since you allowed me the opening, I don't think the GAO acknowledged that. There is no sense in the GAO report of what it is that we are doing.

Senator **RUDMAN**. That is obvious. They think they are auditing one of the Defense procurement agencies or the Post Office. It is a very narrow report, and I am very disappointed in GAO. I think they have done a rather lousy job if you want to know the truth.

Mr. **GERSHMAN**. There are also some parts that were unfair. One of the grantees they criticized saying they spent too much money on administration. The grantee raised this money privately, and the GAO didn't make that distinction.

Senator **RUDMAN**. I understand.

Mr. **GERSHMAN**. There is a lot of it that is unfair. At the same time, we are going to implement an effective system of evaluation and we are going to tighten up our procedures on financial controls.

MIDDLE EAST ENHANCEMENT

Senator **RUDMAN**. I appreciate it. One last question, Mr. Chairman. I want to talk about the Middle Eastern initiative. The USIA has a request for $1.4 million to enhance activities in the Middle East. We have got one other hearing to finish this morning, so let me just ask you quickly, what are you going to do with that money?

Mr. **KOPP**. We are going to have increased positions in Algeria, Jordan, Syria, Saudi Arabia, Kuwait, and Bahrain. We are also, in Kuwait, going to reestablish our facilities which were pretty well trashed when the Iraqis were in there.

Senator **HOLLINGS**. How much is it going to cost us in Kuwait? Wait a minute. We gave them the whole country back. Are they going to give us a bill for our place there, and how about the Embassy? I want to find Secretary Baker, too, and the $42 million they said they needed. Now we have given them the whole country, so we shouldn't have to pay for 7 acres of sand 40 some million bucks. Do you remember that?

Senator **RUDMAN**. Oh, I do remember that.

Senator **HOLLINGS**. Go ahead.

Mr. **KOPP**. We already have the site.

Senator **HOLLINGS**. What is the answer to our question?

Mr. **KOPP**. Three hundred thousand dollars is in this budget for rehabilitation of our site in Kuwait.

Senator **RUDMAN**. How much?

Mr. **KOPP**. Three hundred thousand dollars.

Mr. **SILVERMAN**. That also includes bringing in the officer and the staff, so it is not all real estate.

Senator **RUDMAN**. Well, we still have to buy that land out there for how much; wasn't it something like $32.5 million? Where were we buying that? In Kuwait, wasn't it?

Senator HOLLINGS. Yes.

Mr. KOPP. That is not us.

Senator RUDMAN. But you will be in it, I am sure. I find that rather remarkable. That is, of course, owned by the same family that owns everything else, I am sure. I guess freedom and democracy are one thing, and money is something else over there. We will have to look into that with our State Department people.

Senator HOLLINGS. Yes; as we rehabilitate, they will have embargo restrictions.

Senator RUDMAN. Mr. Chairman, I think that is fine. We have got other people here this morning.

ADDITIONAL COMMITTEE QUESTIONS

Senator HOLLINGS. Yes; we do. We do appreciate your appearance. We will leave the record open for certain questions, and let the record show that we have got a bureaucrat that is in place. [Laughter.]

Mr. KOPP. Thank you very much, Mr. Chairman.

Senator RUDMAN. You want to deal with him correctly.

Senator HOLLINGS. I want to thank you, Mr. Kopp, and all your officials.

Mr. KOPP. Thank you, Mr. Chairman.

[The following questions were not asked at the hearing, but were submitted to the Agency for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR ERNEST F. HOLLINGS

Eastern Europe Initiatives and Moscow Cultural Center

QUESTION:

The USIA budget includes $14.5 million for increased operations in Eastern Europe and the Soviet Union. Could you please provide some detail on this initiative? I understand that $3 million is for a cultural center in Moscow. Given the current state of unrest among the Soviet republics, why do we need to proceed with this center at this time? Has a site been selected yet?

ANSWER:

In response to changes in the Soviet Union and Eastern Europe, USIA launched a number of cultural and educational program initiatives in 1991. Our 1992 budget request includes $14.5 million to build upon this investment as follows:

-- $3 million to fund the initiation of a cultural center in Moscow, in accordance with a bilateral US-USSR agreement to establish reciprocal cultural centers, signed June 2, 1990. This would dramatically enhance our public diplomacy presence in the USSR.

-- $.4 million and three positions to establish a post in Tirana, following the restoration of diplomatic relations between the U. S. and Albania.

-- $.6 million and two positions to relocate and expand our USIS office in Sofia, Bulgaria, including a modern circulating library and programming venue, and to expand press placement and other information activities.

-- $5.9 million and nine positions to augment staff and program funds for the Soviet Union, Hungary, Bulgaria, Romania, Czechoslovakia, and Poland. The program funds would be used principally to:

  -- Expand USIS library collections and services;

  -- Purchase collections of books for American studies libraries, which are still virtually non-existent in academic institutions throughout the area;

  - -- Enhance English-teaching activities in Eastern Europe to take advantage of the opportunity English-language teaching offers to spread Western values and ideas; and,

  - -- Augment audio/visual materials, foreign journalist tours, American participants programs, research, and book programs.

- -- $.7 million to expand placement of Voice of America broadcasts in Eastern Europe, to open a VOA News Bureau in Berlin, and to establish a USSR Desk in the VOA Newsroom.

- -- $3.9 million to fund increases in academic and international visitor exchanges, consisting of $2.8 million to expand undergraduate exchanges between the U.S. and the USSR in accordance with a bilateral agreement that was signed at the June 1990 summit, and $1.1 million to expand traditional Academic Exchanges and International Visitor Programs with Eastern Europe.

A cultural center in Moscow would allow us to increase USIA programming dramatically at the heart of political, intellectual and cultural life in the Soviet Union. It would provide additional program space and staff and greater access to Soviets citizens. The facility and its staff (projected at 12) would enhance our ability to carry out programs not currently possible because of the inadequate physical condition of the chancery, the limited access of Soviets to the building, and the personnel ceiling.

No site has been selected yet. We are working with the Ministry of Foreign Affairs and the Moscow city government to locate a suitable site or existing facility. Under the reciprocity conditions of our cultural agreement with the Soviets, our ability to get a site in Moscow depends in part on the Soviets' obtaining a site for a center of their own in Washington. At present, U.S. legislation prevents the Soviets from acquiring additional property in Washington. USIA has proposed an amendment to the Fulbright-Hays Act which would permit the Soviets to lease property in Washington for a center. This would permit us to move ahead with plans for our center in Moscow.

Cuts in Western Europe

QUESTION:

$4 million of the Eastern Europe Initiative is financed by cuts in USIA operations in Western Europe. Could you please detail which posts or activities would be cut? Is a specific waiver to authorization required to close these posts?

ANSWER:

We have developed a tentative list of 12 installations which we would close, including one principal post, eight branch posts, two distribution outlets (staffed by foreign nationals), and one regional office. The proposed post closings are still being cleared with the Department of State, and we are reluctant to list them in a public document. We would, of course, be pleased to provide the list to the Committee.

We have submitted proposed legislation to the House Foreign Affairs and Senate Foreign Relations Committees that would repeal the legislative provision restricting post closures. In its consideration of this request, the House International Operations Subcommittee approved an alternative provision that would require the Agency to provide 45 days advance notice to the Committees of post closings. We believe that would be an acceptable solution to the problem.

Middle East Initiatives

QUESTION:

The FY 1992 budget requests $1.4 million for Salaries and Expenses and $2.3 million for Exchanges for a new Middle East initiative. Could you please elaborate on this initiative. Which posts and which countries would receive this additional funding?

ANSWER:

In addition to wage and price increases, a program enhancement of $1.4 million is requested in the Salaries and Expenses account to strengthen USIS information program capabilities in key Persian Gulf, North African, Middle Eastern and South Asian posts through additional personnel and information program initiatives. The challenges and opportunities now facing U.S. foreign policy in the area are probably unmatched since the beginning of the post World War II period.

We can anticipate that public diplomacy will have a full agenda in support of initiatives to:

-- Provide a new framework for security in the Gulf;

-- Move quickly to restart the Arab-Israeli peace process and to search for a resolution of the Palestinian problem;

-- Address post-Desert Storm public affairs issues in an evolving political environment and encourage political liberalization in North Africa, the Arabian Peninsula and Gulf States;

-- Seek to establish new arms control and non-proliferation regimes; and

-- Better address the public diplomacy aspect of U.S. efforts to initiate confidence building between Israel and the Palestinians, India and Pakistan, and others involved in regional conflicts.

To address these initiatives, we envision using the full range of official USG spokespersons, Agency-provided speakers, governmental and academic specialists, USIS-sponsored regional colloquiums and Agency-produced informational products and pamphlets -- plus those which we could develop for post-specific audiences -- in these efforts. Specifically, we are requesting funds to:

-- Establish Information Officer positions for Algiers, Algeria; Amman, Jordan; Damascus, Syria; and Riyadh, Saudi Arabia ($547,000);

-- Establish an Information Officer position in Kuwait City, Kuwait and re-establish our facility there ($272,000);

-- Establish an Information Officer position in Manama, Bahrain ($133,000);

-- Convert a resident hire American administrative position to Foreign Service direct hire American status in Damascus, Syria ($48,000);

-- Add one additional regional coordinator in Washington ($80,000);

-- Establish a regional telecommunications hub in Riyadh, Saudi Arabia that would receive the Wireless File and other telecommunications of informational nature from USIA Washington, format and relay such materials on to 7 other nearby posts in the region ($91,000);

-- Provide Desktop publishing and high speed reproduction capabilities to Jordan, Bahrain, United Arab Emirates, Egypt, Syria, Morocco, Algeria, Tunisia and Pakistan ($54,000); and

-- Program increases for key Arab and South Asian posts to increase effectiveness in promoting and consolidating democratic values, strengthening democratic institutions and encouraging conflict resolution and political and economic stability in this highly volatile area ($190,000).

The increase of $2.3 million in the Exchange Programs account would expand educational and cultural exchanges between the United States and nations with an Islamic culture, including Algeria, Bahrain, Bangladesh, Egypt, India, Kuwait, Mauritania, Morocco, Nepal, Oman, Pakistan, Saudia Arabia, Syria, Tunisia, United Arab Emirates, and Yemen.

The war in the Persian Gulf has, in some instances, intensified the historical antagonisms between Islam and the West. However, many predominantly Muslim societies throughout the world retain considerable Western cultural influence and share with us certain basic beliefs. Strengthening exchanges with the Muslim world at this important juncture will help to promote mutual appreciation for the shared values, as well as the differences, in each other's religious and political cultures, and dispel the prevailing stereotypes and misunderstandings.

Programs targeted for expansion include: Fulbright awards for U.S. graduate students or junior scholars; Fulbright awards for foreign students from selected countries in North Africa and the Middle East; support for increased regional interchange through thematic seminars; the International Visitor Program; and the Hubert H. Humphrey Fellowships Program.

Authorization Status

QUESTION:

I believe that USIA's authorization runs out in FY 1991. What is the status of your reauthorization for FY 1992? Will we have a legal problem if we pass your appropriation in the absence of a new authorization?

ANSWER:

The International Operations Subcommittee of the House Committee on Foreign Affairs, chaired by Congressman

Berman, held hearings on the Agency's 1992-1993 authorizing legislation on March 7 (for Agency programs except VOA and NED) and March 20 (for VOA and NED programs). The Subcommittee marked up a one-year authorization bill (H.R. 1415) on April 18 and approved the Agency's full request of $1.059 billion and added $11.1 million for special programs to the total. The full Committee marked up the bill on April 30 and approved the Subcommittee recommendations plus an additional $2 million for support of the World University Games in Buffalo.

Hearings before Chairman Kerry's Subcommittee on Terrorism, Narcotics, and International Operations of the Senate Committee on Foreign Relations were held on April 19, 1991. The Subcommittee markup is scheduled to be held on May 14 and 16.

Section 701 of the United States Information and Educational Exchange Act of 1948, as amended, provides that "...no money appropriated to carry out this Act shall be available for obligation or expenditure -- (1) unless the appropriation thereof has been previously authorized by law..." Therefore, unless an adequate authorization bill is passed on time or the appropriation bill waives this provision, the Agency could not spend the appropriation for Smith-Mundt activities. We believe that the Agency's other enabling legislation constitutes sufficient authorization of appropriations to carry out those programs.

Reductions in Fulbright Scholarships in Western Europe

QUESTION:

We have heard several complaints from the Fulbright Scholarship program regarding cuts in Western Europe, Latin America and East Asian countries. How much is being reduced and where?

ANSWER:

In 1992, a net increase of $9.7 million is requested for Academic Exchanges and the International Visitor Program. However, within that amount, we plan to redirect $4.7 million away from relatively lower priority programs to fund higher priority initiatives in Eastern Europe, the Soviet Union, and the Islamic World. The tight budget constraints under which USIA and other international affairs agencies will operate in 1992 require these difficult tradeoffs, even though these areas remain important targets for exchange programs.

This reduction from the 1992 base level will be distributed as follows: East Asia and Pacific, $700,000 ($300,000 in Academic Exchanges; $400,000 International Visitor Program); Africa, $600,000 ($500,000 Academic Exchanges; $100,000 International Visitor Program); American Republics, $1,400,000 ($500,000 Academic Exchanges; $300,000 CAMPUS; $600,000 International Visitor Program); and West Europe, $2,000,000 ($1,000,000 Academic Exchanges; $1,000,000 International Visitor Program).

We have identified a preliminary distribution of reductions in the number of grants for Academic Exchanges and International Visitor Programs by area and country that will result from these budget cuts, as follows. Final decisions will be made next fall after the 1992 appropriation has been enacted and program priorities have been re-evaluated.

	Academic Grants	IV Grants
East Asia and Pacific (EA):		
Australia.................	-5	-4
China, People's Republic of	-1	-16
Japan.....................	-6	-9
Korea.....................	-3	--
New Zealand...............	-3	-3
Regional..................	-5	--
Total, EA..............	-23	-32
Africa (AF):		
Benin.....................	--	-1
Botswana..................	-1	-1
Burundi...................	--	-1
Cameroon..................	-1	-1
Central African Republic...	--	-1
Chad......................	-1	-1
Congo.....................	--	-1
Ethiopia..................	-1	-1
Gabon.....................	-1	-1
Ghana.....................	-1	--
Kenya.....................	-1	-2
Lesotho...................	--	-1
Madagascar................	--	-1
Malawi....................	-1	-1
Mauritius.................	--	-1
Mozambique................	--	-1
Niger.....................	--	-1
Rwanda....................	--	-1
Somali....................	--	-1
South Africa..............	-2	-3
Swaziland.................	-1	-1
Togo......................	--	-1
Uganda....................	--	-1

	Academic Grants	IV Grants
Zaire	-1	-3
Zambia	-1	-2
Zimbabwe	--	-2
Regional	-11	-1
ARS Paris	--	-1
Total, AF	-24	-34
American Republics (AR):		
Argentina	-1	-3
Barbados	-1	-3
Bolivia	-1	-3
Brazil	-1	-5
Chile	-1	-3
Colombia	-1	--
Costa Rica	-1	--
Dominican Republic	-1	-1
Ecuador	-1	-1
Guyana	--	-1
Haiti	--	-1
Jamaica	--	-2
Mexico	-1	-5
Paraguay	--	-1
Peru	-2	-4
Trinidad	--	-1
Uruguay	-4	-3
Venezuela	--	-1
Regional	-6	--
CAMPUS	-13	--
Total, AR	-35	-38
West Europe (WE):		
Austria	-7	-3
Belgium/Luxembourg	-4	-6
Canada	--	-6
Cyprus	--	-1
Denmark	--	-1
Finland	-2	-5
France	-5	-3
Germany	--	-2
Greece	-8	-1
Iceland	-2	-1
Ireland	-1	-2
Italy	-4	-4
Malta	-2	-1
Netherlands	--	-3
Norway	--	-5
Portugal	--	-2
Spain	--	-2
Sweden	--	-2
Switzerland	--	-1

	Academic Grants	IV Grants
Turkey....................	--	-3
United Kingdom...........	--	-6
USIO Geneva..............	--	-2
Vatican City.............	--	-1
Regional.................	-8	--
Total, WE.............	-43	-63
Total, All Areas........	-125	-167

Reductions in Fulbright Scholarships in Western Europe

QUESTION:

Have these funds largely been used to fund the "Thousand - Thousand" undergraduate exchange program with the Soviet Union?

ANSWER:

The proposed cuts in the Fulbright Program in Western Europe, Latin America, Africa, and East Asia and the Pacific are part of a redirection of program resources toward the Soviet Union and Eastern Europe ($3.9 million) and the Middle East and Islamic nations elsewhere ($2.3 million). As the "Thousand - Thousand" Undergraduate Exchange Program ($2.8 million) is part of the Soviet Union and Eastern European Academic Program enhancement package for 1992, it is a beneficiary of the redirection of resources from the programs of the other geographical areas, but not the sole beneficiary. Even with this reallocation of resources, Academic Exchanges and the International Visitor Program will receive a net increase of $9.7 million in 1992 over the 1991 enacted level.

In light of changes in the Soviet Union and in U.S.-Soviet relations, the President determined that a special new program would focus public attention on the need to increase understanding between the two societies dramatically. Undergraduate exchanges were identified as the most appropriate vehicle, since both high-school exchanges and senior Fulbright exchanges already existed. The 1,000/1,000 program, therefore, fills a gap in government support of exchanges with the Soviet Union and provides a continuum in our effort to increase and sustain interaction between the two countries. In 1991, the initial year of implementation, we plan to expand both American and Soviet undergraduate exchanges by 250 over present levels. The number of exchanges will increase by 350 in 1992 and will gradually increase to 1,000 additional exchanges each way by 1995.

The increase of $2.3 million in the Middle East will expand educational and cultural exchanges between the United States and nations with an Islamic culture. The war in the Persian Gulf has, in some instances, intensified the historical antagonisms between Islam and the West. However, many predominantly Muslim societies throughout the world retain considerable Western cultural influence and share with us certain basic beliefs. Strengthening exchanges with the Muslim world at this important juncture will help to promote mutual appreciation for the shared values, as well as the differences, in each other's religious and political cultures, and dispel the prevailing stereotypes and misunderstandings. Programs targeted for expansion include: Fulbright awards for U. S. graduate students or junior scholars; Fulbright awards for foreign students from selected countries in North Africa and the Middle East; support for increased regional interchange through thematic seminars; the International Visitor Program; and the Hubert H. Humphrey Fellowships Program.

QUESTIONS SUBMITTED BY SENATOR WARREN RUDMAN

"J" Visa Regulations

QUESTION:

What is the approximate time-line for completion of these regulations and how soon do you think a draft of the proposed rules could be obtained?

ANSWER:

The proposed Exchange Visitor Program regulations are being drafted section by section, with each section to be made available for public comment as soon as it is completed. A citizenship rule has already been promulgated. The next major section to be published in the Federal Register is on training. These proposed training regulations are being circulated within the Agency at this time. Subsequently, the regulations will be subject to inter-agency review by the Department of State, Agency for International Development, Department of Labor, and U.S. Immigration and Naturalization Service. Following the inter-agency review, the Office of Management and Budget will be asked to clear the regulations.

The Agency hopes that the training regulations will be published for public comment in June. Each segment of these regulations will be subject to the same scrutiny and review. Proposed regulations covering the "general provisions" and the "visiting scholars" of the Exchange Visitor Program are expected to be published in the following few months. The Agency hopes to publish all proposed regulations by December 1991 with the final regulations by the following June. This regulatory reform is one of the Agency's top priorities and we will continue to devote our time and attention towards final publication of all regulations.

Congressional Guidelines

QUESTION:

Is it true that USIA believes that some J Exchange Visitor Trainee programs are operating outside the guidelines in which Congress intended them to operate? If so, would you explain the criteria in which this conclusion was based as well as USIA's perception of what guidelines Congress intended to be used?

ANSWER:

USIA does believe that some J Exchange Visitor training programs are not consistent with the intent of the Mutual Educational and Cultural Exchange Act of 1961 (the "Fulbright-Hays Act"), a fact confirmed by a February 1990 General Accounting Office study entitled "Inappropriate Uses of Educational and Cultural Exchange Visas."

The purpose of the Fulbright-Hays Act is to promote mutual understanding between the people of the United States and the people of other countries by means of educational and cultural exchanges. The Fulbright-Hays Act created the J-visa to accomplish those objectives, and training was included as a category of exchange participation.

The GAO investigation found that some training programs consisted primarily of employment in commercial enterprises with no evidence of a bona fide training element or reciprocity. Such programs involved exchange visitors in such inappropriate capacities as waiters, receptionists, cooks, and automobile body repairers.

Abuse of Congressional J Visa Guidelines

QUESTION:

Following on #2, is it USIA's position that if in fact these programs do not comply with the guidelines Congress intended that they are abusing the J program or operating to the disservice of the foreign policy goals outlined in Fulbright-Hays Act? If so, is it USIA's belief that these abuses and disservices are widespread? Is it possible for you to quantify and document the extent of these problems for us?

ANSWER:

The USIA believes that the vast majority of the activities under the Exchange Visitor Program is consistent with the intent and purpose of the Fulbright-Hays Act. However, the Agency knows that, at times, the exchange visitor visas are being used to circumvent the immigration and labor laws of the United States and that some activities are not clearly educational as specified in the Fulbright-Hays Act. Evidence was obtained by the GAO investigative team that exchange visitor trainees were actually in work positions rather than bona fide training programs. Earlier information developed by the Agency and reports received from various consular posts abroad support such findings. Documentation of the problem sufficient to warrant regulatory reform and improved management and supervision of the Exchange Visitor Program is contained in the previously cited GAO report.

Use of J-1 Visa for Training

QUESTION:

Does the Agency agree with the GAO's assessment that current uses of the J-1 visa for training go beyond its Congressional authorization? If so, would you share with us specific evidence regarding the legislative history of the program which you believe justifies this conclusion?

ANSWER:

By a large margin, most current usage of the J-1 visa for training is well within Congressional authorization, although USIA does agree with the GAO assessment that some current uses of the J-1 visa are for work or employment -- not for training -- and are consequently being used for activities beyond the visa's Congressional authorization. The Agency bases this conclusion not on legislative history, but through interpretation of the clear language of the Fulbright-Hays Act as contrasted with the body of immigration law. In sum, the Act permits use of the visa for "training," not "work," and a legal distinction exists between the two terms. To hold otherwise would permit any individual wishing to seek simple employment in the United States to argue plausibly that his employment is the sort of educational and cultural activity contemplated by the Act -- clearly an untenable conclusion.

Training, under the Fulbright-Hays Act, was of an educational nature to enhance the skills of people with specialty occupations. The principal purposes of the training were to identify prospective leaders of foreign countries in specific fields, who would return to their home countries in leadership positions and contribute to the growth and stability of their own government and to increase understanding among nations.

The Fulbright-Hays Act consolidated elements of the United States Information and Educational Exchange Act of 1948 (the "Smith-Mundt Act") and other earlier legislation concerned with educational and cultural exchanges. The term "trainee" in the Fulbright-Hays Act is to be interpreted precisely as contained in the Smith-Mundt Act. See S. Rep. No. 372, 87th Cong., 1st Sess. 9 (1961). The legislative history of the Smith-Mundt Act refers to the training of meteorologists, agricultural research by the operation of collaborative experiments and research stations, hydroelectric experts, malaria experts, and experts in the fields of economics, business administration, agricultural design and construction, communications, and distribution of electric power. United States Information and Educational Exchange Act of 1948: Hearings on H.R. 3342 Before a Special Subcommittee of the House Committee on Foreign Affairs, 80th Cong., 1st Sess., 148-150 (1947).

Following the passage of the Smith-Mundt Act, the Department of State, USIA's predecessor in implementing exchange programs, promulgated regulations governing educational and cultural exchanges. Among other things, these regulations recited various categories of aliens authorized to participate in the exchange visitor program pursuant to the statutory language of the Smith-Mundt Act. Among these categories were "trainees", defined as an alien seeking to enter the United States temporarily in order to participate in an exchange visitor program "for the purpose of obtaining practical training in public administration, industry, medicine, agriculture, or some other specialized field of knowledge or skill...." 22 CFR Part 68 (1949).

USIA is revising the current Exchange Visitor Program regulations to require that an exchange visitor trainee participate in a bona fide training program, that the training be part of an exchange, and that the visa not be misused to provide for simple employment under the guise of training.

QUESTIONS SUBMITTED BY SENATOR MARK O. HATFIELD

Exchange Opportunities for the Disabled

QUESTION:

Mr. Director, last year, the Committee included language supporting the efforts of Mobility International, an educational and cultural exchange program based in Eugene, Oregon. I continue to be concerned about the availability of international exchange opportunities for disabled individuals and greatly appreciate USIA's cooperation and support of this unique program. It is my understanding that a grant has recently been awarded by USIA to fund the publication of "A World of Options for the '90's: A Guide to International Education Exchange, Community Service and Travel for Persons with Disabilities". I look forward to the release of this publication and encourage your continued support for similar programs.

Could you briefly describe USIA's success with Mobility International? Do any of the other exchange programs supported by USIA provide opportunities for disabled individuals?

ANSWER:

USIA has provided annual grants to Mobility International USA (MIUSA) since 1983. Some of these have served directly to support MIUSA's mission to incorporate people with disabilities into international educational and cultural exchanges. Other grants have funded specific exchange projects with a variety of countries - all involving both able-bodied and disabled participants - most recently with the USSR. Many of these projects have had an environmental or leadership training focus.

Responding to Congressional interest, USIA in 1991 published an announcement in the Federal Register inviting proposals from organizations for a grant to support a national clearinghouse on integrating disabled persons into international educational exchange programs. Mobility International was the only respondent. A grant has been approved to MIUSA of $70,000, under which it will produce and disseminate resources, information and training to both exchange organizations and organizations working with people with disabilities. MIUSA will also develop resources and programs to highlight the Americans with Disabilities Act.

The Agency is in the process of awarding another grant to MIUSA under the Samantha Smith Memorial Exchange Program. Under this project a Soviet group of approximately 22 young people plus three adults will spend the month of June 1992 in Oregon and Washington, DC. A reciprocal American group will spend the month of August 1992 in Georgia, Ryazan and Moscow. Each group will consist of half disabled students and half non-disabled. During the exchanges the participants will learn about the environment and conservation practices through seminars and participation in work projects. Through homestays and trips to each country's capital, the students will learn about the culture, history and government of the host country.

The Office of Citizen Exchanges is in the process of awarding a grant to Mobility International for a program entitled "Employing and Educating Individuals with Disabling Conditions: A Mainstream Program for the Soviet Union." A final decision regarding award and funding level will be made later this spring.

The Agency is pursuing a number of programs during 1991 which will include the participation of disabled individuals. These are as follows:

1. The American School for the Deaf (the Samantha Smith Memorial Exchange Program). The International Youth Exchange Program is in the process of awarding a grant to the American School for the Deaf to support seven students and three teachers from the School who will visit the Experimental School for Deaf Children in Moscow in September 1991 for an exchange that will focus on the issues of disabilities. Discussions will be held on deaf education, rights for the disabled, and the treatment of hearing disorders. The first part of the exchange, in which hearing-impaired Soviets visited the American School for the Deaf, took place in October 1990.

2. The World Institute on Disability. The Office of Citizen Exchanges has awarded a grant for $60,019 to the World Institute on Disability to undertake "A Study Tour of American Organizations Focused on Disability Policy and Social Integration of Persons with Disabilities." This project will support a two-week study tour for 10 leaders of disability organizations in Africa, Southeast Asia and Latin America to the San Francisco Bay Area between June 10-24, 1991. Participants are currently being selected for this program and will include individuals with disabilities.

QUESTIONS SUBMITTED BY SENATOR ROBERT W. KASTEN, JR.

Democracy-Building Programs

QUESTION:

U.S. A.I.D.'s recently announced "Democracy Initiative" appears to include activities which duplicate some ongoing USIA and NED programs in the area of democracy building.

How will this be sorted out within the Executive Branch? What specific comparative advantages does USIA bring to the democracy-building effort?

ANSWER:

Several departments and agencies in the Executive Branch are carrying out programs to foster democracy abroad. USIA has a long and proven track record of effectiveness in this regard. We have the infrastructure, experience, and close linkages with private and volunteer organizations in the U.S. to allow us to continue our successful programs in a most cost-effective manner.

While there are some overlapping programs among the many now carried out by USG agencies, most activities are complementary, not competitive or redundant. Democracy-building is a very broad area and there is plenty of work for USIA, NED, USAID, and others to do.

Inter-agency coordination of democracy-building efforts in Eastern Europe has been handled successfully by Deputy Secretary of State Eagleburger's office. I recommend that a similar effort at coordination be made for other areas of the world. This would help ensure that USG resources available for democratic initiatives are used with maximum effectiveness.

Vietnamese Foreign Nationals

QUESTION:

It is my understanding that USIA has not been able to get 90 former Vietnamese foreign nationals out of Vietnam since 1975. These nationals were working for USIA at that time.

Why are these people still being held in Vietnam? Is the Administration doing anything to help facilitate their release?

ANSWER:

In 1975, during the last days before the downfall of Vietnam, about 200 USIA FSNs in Saigon were instructed to assemble on a certain day so that they could be evacuated to safety and resettled in the U.S. Tragically, in the last minute chaos, the promised transportation never made it, and they were left behind.

Virtually all of the Vietnamese who worked for USIA and other U.S. Government agencies have lived under cruel circumstances since then. We know from our former employees who managed to get out of the country that even those who were not forced to go to re-education centers or "new economic zones" suffered untold hardships because of their association with the U.S. In almost all cases they were harassed by security officers. In some cases their property was confiscated by the Communist government, employment was denied them, their children could not attend college, and they were isolated in their own communities.

Under existing legislation and regulations the Vietnamese former employee can come to the U.S. as an immigrant, as a special immigrant, or (under certain limited circumstances) as a public interest parolee. To qualify for these categories, however, the employee must be able to pay travel costs and provide assurance that he or she will not become a public charge. On the other hand, if the former employee qualifies under the Refugee Act of 1980, he or she may be granted refugee status. If granted refugee status, there are certain entitlements which are not available to immigrants.

Under the Refugee Act of 1980, a person would qualify as a refugee if that person is persecuted or has a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion. Under the ODP rules a person is processed under the Refugee Act of 1980 as a refugee if he or she is a former U.S. Government employee with at least one year of service after January 1, 1962, or if he or she was or is in a re-education camp, or suffered penalties or deprivations because of their former close association with the United States. We believe our Vietnamese former employees all fall within one or more of those three categories.

We are working with the Justice Department and the State Department to determine what eligibility these Vietnamese former employees qualify under in order to expedite their departure to the U.S. We feel a strong obligation to them and hope this matter can be resolved quickly.

VOA Response to the Persian Gulf Crisis

QUESTION:

How did the Voice of America respond to the crisis in the Persian Gulf?

ANSWER:

Within a few hours after the Iraqi invasion on August 2, VOA increased its broadcasts in Arabic from 7 1/2 to 9 3/4 hours daily. The central newsroom and Arabic Branch immediately expanded their coverage of Middle East developments and worldwide condemnation of the Iraqi occupation. Since August, we have broadcast live in English and Arabic at least 22 of President Bush's major addresses and news conferences on the crisis.

On September 5, VOA established an unprecedented direct broadcast and satellite-delivered network--a 24-hour-a-day delivery system to the Middle East which carried 13 hours of Arabic and 11 hours of English to the region. When Operation Desert Storm commenced January 16, new overlapping networks were created to accommodate 15 1/2 hours of Arabic 18 hours of English and four hours of Farsi to the Middle East daily.

In keeping with its commitment to accurate and balanced news coverage, VOA went to all news formats in English and Arabic during the early hours of the war and deployed additional correspondents to the

Middle East from Washington and Europe. VOA is a member of the Pentagon pool and correspondent Douglas Roberts was on the front lines with the U.S. marines in Khafji. A special Newsroom desk writes and edits wartime newscast items, and the Current Affairs Division has expanded its documentary unit to handle both the military and diplomatic aspects of the Gulf conflict.

It is impossible to measure the impact of the Gulf crisis on VOA's worldwide audience. However, a BBC survey in September and October indicated a tenfold increase in VOA listenership in scattered areas of the Arab world. Since the allied airstrikes began January 16, more radio networks and stations around the world have turned to VOA for rebroadcast news bulletins and reports than at any time in VOA's 49-year history.

Today, more than 1,800 affiliated stations in all areas of the world receive news reports from the Voice of America, many of these via the 210 USIS posts equipped with television receive only (TVRO) satellite dishes on which VOA programming can be accessed. Since August 2, the VOA Arabic dial-in telephone news center has received more then 70,000 calls for information from the Arab world.

QUESTIONS SUBMITTED BY SENATOR SLADE GORTON

Funding for Exchanges with the PRC

QUESTION:

What is the general status of USIA funding for educational exchange programs with the PRC for calendar year 1991? Are funding levels for such programs the same, higher or lower than 1990, 1989 and 1988 respectively? In particular, have educational exchange programs focusing on the study of government, politics or law been cut during that time frame, or plan to be cut in 1991?

ANSWER:

For the Fulbright Program, funding for educational exchange programs with the PRC for calendar year 1991 is stable, with slight percentage increases over 1990, 1989, and 1988. Fields of study for exchanges have included the study of law, political science and American studies in general and have not changed appreciably over the past four years. These fields of study will continue.

1991 will see a moderate increase in the number of Chinese citizens involved in short-term American studies exchange programs when compared to the previous year, when the PRC government was not allowing many of its academics to come to the U.S. for any reason. Specifically, we project five Chinese educators participating in USIA programs this year (versus one in 1990). The 1991 figure represents a return to pre-1990 levels (four in 1989, for example). We anticipate steady growth in these numbers until a general change in the political climate of the PRC when we would expect to see very rapid increases.

The Academic Specialist Program presents a similar picture, with 1991 program levels up modestly from the previous year (two programs in 1990, three programs so far in 1991).

Participants in the Humphrey Program were selected in a worldwide competition, so the number of fellows varies annually. Provided candidates meet minimum qualifications, there is at least one fellowship per participating country. The results of the FY91 competition are not yet final. Three fellowships have been offered to PRC candidates, pending the outcome of English proficiency tests and the availability of candidates. Of the three FY91 candidates, one is in government. Of the four PRC fellows participating in the program in 1988-90, one was in government and two were in law. Statistics on fellows participating in previous years are:

Academic Year	No. of Fellows
1990-91	1
1989-90	1
1988-89	2

The University Affiliations competition is a worldwide competition which awards approximately 25 grants annually in support of faculty exchanges between American and foreign universities. The participating countries and the fields of study vary from year to year. Grants awarded for affiliations with China since 1988 range from $16,100 to $75,000, and the fields of study include law, social science, economics, business management and international trade.

It is estimated that the 1991 International Visitor Program with the PRC will remain at approximately the same level as in 1990 ($128,000). The International Visitor Program was scaled back from the 1988 level of $516,000 due to the PRC Government's reaction to the democracy movement.

Funding for Exchanges with the PRC

QUESTION:

How will or has funding for the Fulbright Program with the PRC fared in 1991 and 1990 compared to pre-June 4 levels?

QUESTION:

As to overall USIA funding of educational exchange programs, how do programs with the PRC fare as compared to those with other countries or regions in 1991 (expressed as a percentage of the total funding for such programs)? How does that compare percentage-wise, with funding in 1990, 1989, 1988?

ANSWER:

The comparison (dollars in thousands) of the PRC program levels with the East Asia and Pacific Area and the overall worldwide Fulbright Program in the years requested is as follows:

Year	PRC Amount	East Asia & Pacific Br. (EAP)	PRC as % of EAP	Total Fulbright	EAP as % Fulbr Total
1991 Est.	$1,169	$11,958	9.8%	$98,457	12.1%
1990 Act.	1,138	12,082	9.4%	91,905	13.1%
1989 Act.	1,307	11,014	11.9%	89,174	12.4%
1988 Act.	1,391	12,234	11.4%	91,079	13.4%

VOA Broadcasts to the PRC

QUESTION:

Last year, VOA had considered cutting back the total number of hours of programming to be broadcast to the

PRC as compared to the expanded schedule adopted in the wake of June 4. By letter dated May 15, 1990, I was advised of the revised schedule.

Since that date, has the broadcast schedule to the PRC been changed in terms of either total hours, the mix of broadcasts in the various dialects of Chinese, or the locations to and from which the broadcasts are being made? If so, how?

ANSWER:

On June 2, 1989, VOA broadcast 16 hours daily to the Peoples Republic of China: 7 hours in English, 8 1/2 hours in Mandarin, and 1/2 hour in Cantonese. Immediately after the Tiananmen Square massacre, VOA expanded its Mandarin broadcasts to 12 hours daily, and doubled its Cantonese broadcasts to 1 hour daily. We also began beaming all of the Cantonese and a portion of the Mandarin program via the powerful megawatt medium wave transmitters in the Philippines and Thailand.

During the past year, we have: 1) Reduced Mandarin by 1 hour daily, 4-5 a.m. Chinese Standard Time, when the audience is miniscule (this also was necessitated by the need to provide transmission facilities during the Persian Gulf crisis); 2) Strengthened Cantonese broadcasts by adding a shortwave frequency to the medium wave transmission; and 3) Initiated on March 25 a 15-minute-a-day Tibetan broadcast on three shortwave facilities. With these changes, we are now broadcasting 19 1/4 hours daily to China -- 11 hours of Mandarin, one hour of Cantonese, 7 hours of English, and 1/4 hour of Tibetan. As soon as staffing permits, we will expand Tibetan in stages to two hours daily, as mandated by Section 234 of the Foreign Relations Authorization Act, Fiscal Years 1990 and 1991.

VOA Use of Volunteer Chinese Students

QUESTION:

Last May, I wrote the USIA to urge that the VOA consider using visiting Chinese students as volunteers to help provide translation and broadcasting assistance. I had been approached by various Chinese student groups who wanted to help. I saw that as a potential way to both save on costs and expand the Chinese language capabilities of VOA. Since that date, has VOA utilized Chinese student volunteers? If so, to what extent? What, if any, efforts are being made to attract more volunteers in this area?

ANSWER:

VOA uses volunteers depending on when they are available (mostly during summer months). The work they do depends upon their ability. We currently have a volunteer who works on Saturdays and Sundays. This young man is excellent and is able to write, translate and voice material for broadcast. Other volunteers have done mostly research and translations. VOA has an active volunteer intern program.

BOARD FOR INTERNATIONAL BROADCASTING

STATEMENT OF MALCOLM S. FORBES, JR, CHAIRMAN

ACCOMPANIED BY EUGENE PELL, PRESIDENT, RADIO FREE EUROPE/ RADIO LIBERTY

PREPARED STATEMENT

Senator HOLLINGS. We will now hear from Malcolm S. Forbes, Jr., the Chairman of the Board for International Broadcasting. He is accompanied by Eugene Pell, the president of Radio Free Europe/ Radio Liberty. For fiscal year 1992, the President's budget proposes $217.9 million, an increase of $12.2 million above this year, but due to the devaluation of the U.S. dollar overseas, this increase in dollars will not cover increased operating costs in Europe.

Mr. Forbes, we are pleased to have you and Mr. Pell back. We will include your statement in its entirety, and you can deliver it or summarize it as you wish.

Mr. FORBES. With your permission, Mr. Chairman, I will just underscore a few of the highlights and submit the formal testimony for the record.

Senator HOLLINGS. Fine.

[The statement follows:]

STATEMENT OF MALCOLM S. FORBES, JR.

Mr. Chairman, I appreciate the opportunity to come before your Subcommittee today to speak about Radio Free Europe/Radio Liberty. On behalf of the entire Board, I would like to thank you for your steadfast support of RFE/RL and its mission of fostering the growth of democracy in Central and Eastern Europe and the Soviet Union.

Mr. Chairman, the work of Radio Free Europe/Radio Liberty is inextricably tied to political developments in the countries to which it broadcasts. Set up more than forty years ago as surrogate radio stations, RFE and RL have been at the cutting edge of political change. Through the darkest days of Soviet oppression these radio stations broadcast comprehensive programs of domestic and international news, analysis, commentary, literature, history, religion, and culture. They were the voices of freedom and political renewal, and the lifeline of hope to millions of people. Now, when the political landscape of Eastern and Central Europe and the Soviet Union is undergoing evolution toward democracy, RFE/RL is adjusting to the specific changes in each of the countries to which it broadcasts.

The importance for Radio Free Europe/Radio Liberty has been recognized by virtually all democratic leaders in the broadcast region. Testimonials about the effectiveness of the Radios have flowed from Walesa, Havel, Antall, and others. The most recent public acknowledgment has come from the Estonian Foreign Minister Lennart Meri who nominated RFE/RL for the Nobel Peace Prize. His letter to the Nobel Committee reads, in part:

> "Today, RFE and RL are helping to build a foundation of understanding for the immense changes that must take place in our societies during a historic transition to stable democracies and market economies. They contribute to regional harmony and understanding by helping to move news and other information among the countries of the region. They are an important force for the peaceful reintegration of Europe. They provide us with a model for serious, thoughtful journalism as it is practiced in democratic societies."

In the past few years there have been profound changes in what was once termed the Soviet Empire. Among other developments, Gorbachev's initial policy of glasnost, the disintegration of the Iron Curtain and the dissolution of the Warsaw Pact have set in motion powerful centrifugal forces. The countries of Central and Eastern Europe have broken free of their Soviet moorings; the republics in the Soviet Union have openly challenged central Moscow rule by passing legislation declaring their political sovereignty. The process of creating a new political order in the region has begun, but the road to stable democracy will be a long one, fraught with dangers and subject to political reversals.

In such uncertain times Radio Free Europe/Radio Liberty stands as a bulwark of democratic values and the free flow of information. Over many years it has established high credibility and popularity with millions of listeners. Through its unique research operations, RFE/RL has developed a thorough knowledge of the needs and concerns of its listeners, as well as of the history, culture and current affairs of the countries to which it broadcasts. Its high professional standards have ensured that very sensitive political subjects are presented with factual accuracy, fairness, depth of analysis and moderation of tone. RFE/RL has traditionally allowed its twenty-one language services sufficient editorial autonomy to develop and display its distinctive cultural and national identity, and to tailor its programming from day to day to fit the changing needs and interests of the audience. Radio Free Europe/Radio Liberty is a unique asset of U.S. foreign policy; it plays a critical role in the development of stable democracies in a region critical to our national security.

No event in recent months better illustrates the fragility of reform in the Soviet Union or the potential for political retrenchment in the region as a whole than the crisis in the Baltic states. The incursion of Soviet troops into Vilnius, the brutality of the Soviet Black Berets, and the recrudescence of National Salvation Committees have cast a pall over the USSR and the countries of Eastern Europe. A Moscow schoolteacher expressed succinctly the recent change in political climate: "After listening to the official news reports [about Lithuania], it is clear that glasnost and objectivity were also killed." The Deputy-Mayor of Moscow Sergei Stankevich echoed these sentiments: "It's a shame what's going on television. There is no doubt that state TV is being run with an iron hand with no eye toward the truth. The situation is very disappointing."

The hardening of Moscow's political stance has sent shivers down the spines of the former Soviet satellites as well. Andrei Kozyrev, the liberal Foreign Minister of the Russian Republic has warned: "If the forces of darkness prevail in the Soviet Union, Central Europe is next on their agenda." The recently elected democratic leaders in Poland, Czechoslovakia, and Hungary have sounded the alarm that a conservative backlash in the USSR could destabilize the tenuous structures of democracy in their countries. The recent tension between the USSR and Poland over the pullback of Soviet troops from Central Europe underscores this point. A leading American expert on Eastern Europe, Charles Gati, has stated: "Although Moscow may be economically and politically too weak to crush these new democracies, its capacity to create instability is considerable."

At times of crisis, such as the Soviet crackdown in Vilnius, RFE/RL is an especially effective tool of communication. The New York Times reported that as the first percussion of tank artillery crashed through Vilnius, Lithuanian deputies huddled around their shortwave receivers in the Parliament building listening to the broadcasts of Radio Free Europe/Radio Liberty. In spite of several interruptions, the democratically elected government of Lithuania maintained an open telephone line with RFE/RL's headquarters in Munich throughout the night of January 12–13. Lithuanian officials were thus able to provide periodic updates, and freelance correspondents filed reports on Soviet tank movements. This information was then broadcast throughout the Soviet Union. Praise of the coverage came from many quarters; perhaps most forcefully expressed by the Estonian Foreign Minister Lennart Meri who indicated that he relied exclusively on RFE/RL for his information about the events in Vilnius.

Along with broadcasting, Radio Free Europe/Radio Liberty operates one of the preeminent centers of research and analysis. Over the years RFE/RL has established one of the largest archives in the world on the Soviet Union and the countries of Eastern Europe. It has also brought together a unique staff of specialists who produce analytical papers on a daily basis. Recently, we combined the different research departments into an Institute that will bring together scholars from East and West and will serve as one of the building blocks of democracy in Eastern Europe and the Soviet Union.

Mr. Chairman, military confrontations and political setbacks will doubtless occur from time to time as the Soviet Union wends its way along the tortuous road to pluralism and democracy, and at such moments the role of RFE/RL will be crucial. It is clear, however, that some of RFE/RL's role has begun to diminish. Since its inception, RFE/RL has anxiously awaited the time when its surrogate broadcasting role could be replaced by the emergence of free, privately funded, independent broadcast media in Eastern Europe and the Soviet Union. In Czechoslovakia, Hungary, and Poland—as their freely elected, democratic governments take root—we believe that reliable, free, and independent broadcast media will develop over time. Accordingly, for the newly democratic nations of Czechoslovakia, Hungary, and Poland, RFE/RL's budget projects a reduction in total number of broadcast hours as well as a decline in personnel in those language services, projections which are consistent with the recent NSC review of international broadcasting activities.

We are submitting to you a fiscal year 1992 budget request that reflects a real decrease in RFE/RL's operational budget. Within the fiscal year 1992 request of $217 million, 36 positions will be eliminated, Radio Free Afghanistan will be shutdown, and another operating reduction will be implemented.

Mr. Chairman, Radio Free Europe/Radio Liberty has become associated in the minds of millions of listeners with the prolonged struggle for democracy and national self-determination. We are now seeing the results of this forty-year effort as the challenge for the people of Eastern Europe and the Soviet Union shifts to a new phase: from one of resistance to totalitarianism to one of building democratic institutions in an economically and politically fragile environment.

NOBEL PEACE PRIZE NOMINATION

Mr. FORBES. The radios, Radio Free Europe and Radio Liberty, continue to be the most effective instruments we have for influencing events in Eastern Europe and the Soviet Union in terms of promoting democracy and political pluralism.

That is why the foreign minister of Estonia recently nominated Radio Free Europe and Radio Liberty for the Nobel Peace Prize, a nomination which has been accepted by the Nobel Committee. In terms of the Soviet Union, unfortunately, glasnost is in retreat. The forces of reaction do seem to be gaining strength. That is why our listenership there is going up. It is also going up in the Baltic States. I think a good example of the role that the radios are playing could be seen a few months ago when the head of the KGB made a major speech nationwide in the Soviet Union denouncing pernicious influences, as he saw it, on the Soviet Union, and he singled out Radio Liberty for special attention.

Just a couple of days ago in Paris, by contrast, Boris Yeltsin made a statement in praise of Radio Liberty, saying that, "Radio Liberty provides better and more accurate information on Russia than do our own official radios. We are very grateful to Radio Liberty."

So the forces of reaction see us as the enemy, and the forces of reform see us as an instrument that can help bring about, through information, the kind of political pluralism that they are all working for.

PROGRESS IN EASTERN EUROPE

In Bulgaria and Romania, the progress there has been much better than the Soviet Union but still very disappointing after the events of a little over 1 year ago. In Romania there has been very little progress in terms of democratization. In Bulgaria, there has been a little bit more progress in the last few months. They do seem to be making some reforms there. It is much better than Romania, but still far behind Poland, Hungary, and Czechoslovakia. In terms of those three countries, Poland, Hungary, and Czechoslovakia, that is where the most progress has been made. Nonetheless, we have, in response to that progress, cut back our broadcasts there very significantly, between one-half and two-thirds in the various countries.

The governments there, however, continue to make very clear to us and to others that they very strongly oppose an immediate shutdown of RFE. They see their own media as not truly yet independent, not truly yet able to provide the variety of independent sources of information that they need; they see their own journalists as not capable. They are still waiting for orders from the party in terms of what they should write. They make no distinction between analysis and news. If you think our media is bad, you should see it over there, in terms of not always making that distinction.

FRAGILE DEMOCRACIES

Moreover, what comes through when you talk to the heads of these governments and the various officials there is a very real palpable sense of how fragile they see their democracies. In this country, we think that it is almost a done deal, because our democracy is fairly strong here.

But over there, they remember very well what happened between the two wars in terms of the rise of authoritarian regimes, democracy failing in central and Eastern Europe. They are also very worried about the flow of possible refugees from the Soviet Union. They are very worried about the turmoil being caused by the economic transformation from a communist to a market economy. They are very worried, too, about mischief-making from reactionaries in the Soviet Union, and there have even been reports that the KGB is making contacts with some of the people in Poland and elsewhere and threatening them with exposure if they don't work with them again.

Moreover, they are also very anxious about ethnic hostilities there and the potential trouble for that. So right now, while we have made significant cutbacks, and while this has given rise to real serious protests from those countries about those cutbacks, we are in the process of working closely with those governments in partnership so that when transformation does take place they feel that the United States isn't turning their backs on them at what they see as a very vulnerable time.

RFE/RL RESEARCH INSTITUTE

One aspect of RFE/RL, regardless of what this Presidential task force recommends, that we think should be preserved is the archives of Radio Free Europe and Radio Liberty. Our research facilities there, the setup and institution there, is regarded as the best archives on Eastern Europe and the Soviet Union in the world. That is why hundreds of scholars and journalists each year go through Munich to tap the brains of analysts and to go through the materials that we have collected.

The German think-tanks are very excited about this. The Europeans see it as a bridge across the Atlantic between us and them, between West Europe and East Europe, so the day may come when we will get independent funding for that, regardless of what happens to the radios.

In terms of our budget for fiscal year 1992, as you indicated, Mr. Chairman, in real terms, we are down. The resources that were cut back from Radio Free Europe have not been transferred or been permitted to be transferred to Radio Liberty, even though the need there is great. In the Baltic States, we have managed to increase the broadcasts a little bit from existing resources, but not nearly enough for what the situation calls for.

Moreover, we are the only foreign affairs agency that was given no inflation adjustment for current services in the next fiscal year. So we have never been more vital, but the pressures on us have never been greater.

Senator HOLLINGS. As I see it, you have got the President and Gorbachev having to turn on Radio Free Europe to find out what is going on. They would talk but they are crossed on the waves down there at Malta, and they promptly increased their own budgets 48 percent and cut you. It doesn't make sense.

MAINTAIN CURRENT SERVICES

How can we maintain at least your present services, particularly in the Baltic States, Estonia, Latvia, Lithuania? Rather than having cuts there, how much money do you need?

Mr. FORBES. In terms of programming, we are talking about only a handful of millions of dollars.

Senator HOLLINGS. When I hear Forbes talk about a handful of millions of dollars, hold on here. Senator Rudman can take over this hearing. [Laughter.]

Mr. FORBES. The current services cuts that we are making, and that for 1991 is $5 million—the real cuts next year are $10.6 million. For the Baltic States themselves, you are talking about probably less than $1 million in terms of getting more transmissions there, more broadcasts there. It is well under $1 million for those three specific services.

We are also very concerned about a couple of other services like the Ukraine and Georgian service, not being able to boost our resources there.

Senator RUDMAN. Would you supply for the record with precision what those figures would be and answer the chairman's last question?

Mr. FORBES. Yes; for each of those Radio Liberty services.

Senator HOLLINGS. List the whole thing, because we don't want to just get into a cheering session. We commend you for the outstanding job, and we want to follow through, and it just doesn't make sense that the entity that is performing the work and getting the information and the news and everything else is now to be eliminated, cut back, or whatever.

[The information follows:]

RFE/RL, INC.

The following lists show the current costs for the Baltic States and Soviet nationalities broadcast language services, and the estimated increased funding for the Baltic States, Georgian, and Ukrainian services, as requested:

Broadcast language service costs

	Fiscal year 1991 cost
Baltic States services:	
Estonian	**$841,000**
Latvian	**905,000**
Lithuanian	**900,000**
Soviet nationalities:	
Armeniam	**550,000**
Georgian	**845,000**
Belorussian	**811,000**
Ukrainian	**2,156,000**
Kazakh	**902,000**
Kirghiz	**511,000**
Uzbek	**874,000**
Azeri	**487,000**
Tajik	**551,000**
Tatar-Bashkir	**589,000**
Turkmen	**463,000**

Increased broadcast language service resources

	Additional fiscal year 1992 funding
Baltic States services:	
Estonian	$283,000
Latvian	278,000
Lithuanian	270,000
Soviet nationalities:	
Georgian	265,000
Ukrainian	407,000
Total additional funding	1,503,000

MIDDLE EAST COVERAGE

Senator HOLLINGS. In Kuwait, the Emir waited 2 weeks, until they established room service, before he went back, and then promptly closed down the Free Press.

Is there any Radio Free Arabia or Radio Free Kuwait or any kind of information going into Kuwait at all, any of your endeavors or the Voice of America or anything like that?

Mr. FORBES. We don't have the transmitting facilities to do that. We don't have the people on board to cover the Arabic world. VOA, I do understand, has some resources for that. When the crisis broke out in the gulf, we did work to make arrangements on the engineering side where we swapped and did some transmitting changes so they could increase the power of their transmissions to that part of the world, so we worked together on that.

But in house, we don't have the facilities to reach that part of the world. But I think what does underscore something is as these trouble spots flare up in the world, the need for surrogate broadcasting, where you try to get a service that concentrates on events in those countries, is vital so that the truth does get through.

FUTURE OF RFE

Senator HOLLINGS. Well, the Executive order of the President and the administration's budget, both, sort of go after you. In other words, they phase out Radio Free Europe by the mid-1990's under the budget projections and then directive 51, calls, also, for Radio Free Europe to be phased out.

Let me hear your comments, please, on this.

Mr. **FORBES.** Well, we have had some conversations with OMB, and I think that they are beginning to understand that projections, these projection numbers, after fiscal year 1992, are simply numbers and not policy, and that that does not mean policy of the U.S. Government. I think the process is now in motion where very high levels of the executive branch are now involved in this process; that they are not leaving it simply to numbers but we are working very closely now with State; we are working very closely with the NSC, now, at a very high level to make sure that any phasedown of those three services, Poland, Hungary, and Czechoslovakia, are done in cooperation with those governments, that it is done as events take place within those countries and not through some arbitrary deadline.

I think, too, it is clearly understood on policymaking levels now that an arbitrary deadline to close Radio Liberty with what is happening now in the Soviet Union is myopic, to say the least.

DEFERRING PENSION PAYMENTS

Senator **HOLLINGS.** You propose to reduce the appropriation requirements by $10.6 million. Can you do that by not paying the employee pension costs?

Mr. **FORBES.** There are two parts to that. In fiscal 1991, the year we are in now, for the first time the executive branch did not propose a full supplemental to cover our currency losses. That is something that has always been passed under Democratic and Republican administrations. This was the first fiscal year where that was not proposed. We are very grateful to you for passing and authorizing $8 million to cover currency losses, which the administration proposed, but it does not cover the full losses for 1991.

We have cut back our modernization; we have cut back another $5 million from operations, which I referred to earlier, that $5 million. If the dollar takes another one of its swoons, another one of its dives, we are going to have to go and take the money out of the pension fund.

We told OMB last fall when the budgets were being prepared that this was a very real possibility, given the weakness of the dollar; that this was a very shortsighted measure to have to take because you have to make it up and then you have to pay interest on it. They said, "The dollar is weak. That is where you are going to have to take it from."

In the next fiscal year, 1992, they said, unlike any other agency, they would make no inflation adjustment at all, so even with the cuts that we are making in terms of personnel cutbacks, we still face the very real possibility of having to raid the pension fund of up to $10 million in order to not be in violation of German labor law.

Senator **HOLLINGS.** Is that pension fund sound?

Mr. **FORBES.** It is very sound actuarially. We have been very sound in funding it, so you can do this short term. Long term, it is, obviously, not the way to go.

Senator **HOLLINGS.** But Germany is a little bit higher. The financial requirements for your staff and everything else are particularly high in Germany, aren't they?

Mr. FORBES. In terms of the labor laws and the union contracts and the agreements they have over there, it is, depending on the value of the dollar. But the pension fund itself is actuarially sound. When the dollar takes a dive against the deutsche mark, then that means that even though their salaries are still the same because they get paid in deutsche marks, the dollars we have to lay out go way up, and that puts a real strain on us.

Senator HOLLINGS. Well, we better be working together and with the staff here throughout the year to get the money. We only replaced the $8 million because under the 150 function, that was the cap, and we couldn't do any more. That is exactly what we are under here.

But I think you narrowed on the target about $5 or $10 million, with some money here to replace that pension fund now, rather than a 48-percent increase at the State Department. I hope we both can look at that.

Let me yield.

Mr. FORBES. In the meantime, we are going to pray for a stronger dollar when it comes to our budget.

Senator HOLLINGS. What does Forbes predict? [Laughter.]

Mr. FORBES. I will give you a prediction, but I want the record to reflect the warning of a favorite saying of my grandfather, who founded Forbes magazine. My grandfather liked to say, "You make more money selling the advice than following it." [Laughter.]

CURRENCY PREDICTIONS

Senator HOLLINGS. What is the advice?

Mr. FORBES. So I think the dollar vis-a-vis the deutsche mark will go up, not so much because the dollar is strong, but because the German economy is experiencing some weakness because of the costs of the reunification. So I think you could see the dollar reach 1.75, 1.80 on the deutsche mark. It has exceeded that level in the past and then promptly went down again. So it may touch it, but I am not going to say how long it is going to be there or above that.

Senator HOLLINGS. That is encouraging.

Senator Rudman?

ISRAEL PROJECT

Senator RUDMAN. Actually, the chairman has covered most of the questions I had. I guess there is really only one other item we have to talk about. You are quite far behind because of a lot of problems on the relay station for BIB and VOA in Israel. The Israeli Supreme Court now has a case pending. When do you expect action on that, do you know?

Mr. FORBES. They are supposed to—one hesitates to make predictions about any agency in Israel.

Senator RUDMAN. Or here. [Laughter.]

Mr. FORBES. It seems to be endemic, but we think in the next 3 or 4 months this thing should finally be decided. When the Supreme Court heard a similar case a little over 1 year, 1½ years ago, they ruled overwhelmingly in our favor; in fact, made the other party pay up costs. So we are as confident as one can be, given the uncertainties of what will happen in the Court, that we will get a favorable ruling, we hope in the next 3 to 4 months, but it is tough to say.

Senator **RUDMAN**. You have entered into several contracts on construction, electric power, and things of that sort, even with the case pending. Do you have escape clauses in those contracts, assuming that you lost the case?

Mr. **FORBES**. Yes; we have escape clauses so we are not obliged if the case goes against us, with one exception. I believe it is a $4 million contract, and we faced a choice of buying certain parts now so that we can keep the minimum costs possible on schedule. If we did not go ahead with this contract—and it's about $1 million that we are going to have to lay out before the case is settled—if we did not order those particular parts now and we went ahead with the project, we could have several months' delay with the administrative costs clock ticking, and we would end up, really, saving no money. So we thought it was a worthwhile business way to operate it and to try and keep it on schedule. That is the one area where we are vulnerable.

RADIO FREE AFGHANISTAN

Senator **RUDMAN**. On Radio Free Afghanistan, it is now destined to be eliminated. There is still a civil war raging there, although, frankly, our policy there is a rather difficult thing to assess. I am not necessarily sure what you broadcast. Does that look like it is now going to fold?

Mr. **FORBES**. Well, when this national security directive was under study, the discussions there made it very clear that they wanted an end as a part of United States foreign policy to our broadcasts to Afghanistan. So when we prepared our budget, in terms of what they said we had to list our priorities, we thought areas like the Baltic States took higher priority.

When the final report was issued—the national security directive—they didn't put in the same formal language which was taking place in the informal discussions. So from that point of view, the United States policy hasn't changed in terms of broadcasts to Afghanistan, but we were given to understand that it would, so when it came to prioritizing, we thought that we had other needs that needed to be funded, and that is why we didn't make the request.

Senator **RUDMAN**. All right. Mr. Chairman, I don't have anything else. I agree with you. We had better watch this particular situation closely, because I think, as Mr. Forbes has stated, you can make policy with budget submissions, but it is a poor way to do it. They have essentially, with their budget submissions and projections, foreshortened the process that this Presidental task force is supposed to address.

We are either going to have policy made or we are not. I agree with the chairman. I think we ought to keep everything fluid and try to keep this on a level plane until we see where we are doing. I think some consolidation may be in line over the next several years, but we ought to have precise ideas of where we are going and not do it ad hoc by budget submissions out of OMB. If you would answer that question with some precision, that question I asked, I would appreciate it.

Mr. FORBES. OK.

[The information follows:]

As I said earlier to the Senate Foreign Relations Committee, the Voice of America and Radio Free Europe/Radio Liberty have very different missions and their broadcasts are perceived differently by the peoples of Eastern Europe and the Soviet Union. When the recently appointed Task Force on International Broadcasting considers consolidation of all U.S. broadcasting in a single U.S. broadcast entity, it is important that the members understand the importance of surrogate broadcasting and how it differs from VOA broadcasts. RFE/RL's surrogate broadcasting tries to provide a wealth of detail, analysis, and depth of coverage of the events in those particular countries to which it broadcasts. I hope the Task Force members will recognize that this is a unique role and that they will devise a structure that will preserve our ability to continue surrogate broadcasting where it is needed.

There are a variety of ideas floating out there concerning the best new organizational structure for U.S. broadcasting. One would be to consolidate under a new agency or a new board all the broadcasting efforts—VOA, RFE/RL, Radio Marti, WorldNet—with an umbrella organization that would combine administrative and technical facilities, allowing the different entities to do different programming in each area. Another option is to combine all broadcasting under an existing federal agency. I am not sure that making RFE/RL part of a USG department (like State, USIA, etc.) would maximize the potential benefits of surrogate broadcasting to U.S. foreign policy goals. In my opinion, placing us under USIA would definitely not be the wisest thing to do in terms of preserving the unique mission of RFE/RL. I realize that the current status quo should not continue, but I believe a new structure can be devised where all USG broadcasting assets can continue to be employed effectively and efficiently. I do think that between the VOA and BIB there can be efficiencies in terms of utilization of technical facilities, and, in fact, pooling of technical resources was initiated in August, 1990. In short, I hope the Task Force will devise a new organizational structure within which both VOA and RFE/RL can pursue their separate and distinct missions while achieving efficiencies in administration and engineering.

SECURITY IN MUNICH

Senator HOLLINGS. In the archives, Mr. Forbes, what security for this very valuable archives do you have there in Munich? Have you got good security?

Mr. FORBES. We have got a good security system that came out of a bombing incident a few years ago, which apparently now came out of the Romanian Secret Service, that bombing. Gene can give you details on that, Mr. Chairman.

Senator HOLLINGS. I was worried about it.

Mr. PELL. The physical security system, I think, is more than adequate, because as the chairman indicated, it was put in after the bombing took place in 1981. What we need for those archives, and I think we should make a request for it at some point, is funding to automate them. We are looking at the largest archives on the Soviet Union and Eastern Europe in the West, and a lot of it is in the form of 6 to 7 million 3-by-5 cards.

Senator HOLLINGS. Oh, goodness.

ARCHIVES AUTOMATION

Mr. PELL. If we could get that data base in shape, to make it on-line available through the world to scholars, universities, governments, et cetera, it would be an enormous asset.

Senator HOLLINGS. Give us a submission in detail of the cost of doing that.

Mr. PELL. We have a plan. We know what the cost is, and we would be happy to do that.

Senator Hollings. How much am I talking about, just a few million?

Senator Rudman. A handful or two handfuls? [Laughter.]

Mr. Pell. Eleven million dollars over 5 years.

Senator Rudman. That is two handfuls.

Mr. Pell. Two million a year.

Mr. Forbes. Two and a fraction.

Mr. Pell. Two and a fraction, yes.

[The information follows:]

Automation of Research Archives

Automation of RFE/RL Archives.—RFE/RL maintains a library of more than 120 volumes organized by language and subject, 360 periodical titles and 50 international newspapers. More than 500 visitors from other institutions visit RFE/RL each year to take advantage of these resources. More than 300 requests for information are handled each day. RFE/RL also maintains a number of specialized archives, including the Red Archive and the Samizdat Archive.

The Red Archive is one of the major research assets of RFE/RL, and for that matter of the Western world. It is an unparalleled collection of abstracts, annotations, clippings, and computer databases on Communist affairs. As of 1990, the Red Archive contained over 4 million biographic and subject entries. Radio Liberty's Samizdat Archive was organized in the 1960's to collect and preserve unofficial writings coming out of the USSR; to verify their authenticity and accuracy through painstaking research; and to prepare the most significant works for broadcasting and publication. The Samizdat unit publishes between 1,500 and 2,000 pages of documents each year.

One of the major goals of RFE/RL management is to proceed with automating its various collections, thus assuring their preservation for generations to come while at the same time vastly increasing their availability and their accessibility to the scholarly community and to government, academia, and other appropriate agencies.

RFE/RL management estimates that full microfilming and computerization of all materials into accessible databases is estimated to cost $10.8 million. This undertaking could be implemented over a period of approximately five years.

ADDITIONAL COMMITTEE QUESTIONS

Senator Hollings. Thank you. We will be submitting some additional questions for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Board for response subsequent to the hearing:]

Questions Submitted by Senator Ernest F. Hollings

BIB FOREIGN WORKFORCE

Question. Mr. Forbes, I understand that a lot of BIB's workforce is in Germany.

Could you please explain the special pays and benefits that these employees receive vis-a-vis U.S. workers? For example, I understand that severance pay requirements are particularly high.

Answer. RFE/RL employs approximately 1,200 people in the Federal Republic of Germany. About one-third of this workforce is made up of American citizens, one-third of German citizens and one-third of other nationalities. The compensation and benefits for rank-and-file employees are negotiated with the three German Unions which represent the Company's employees and are similar in most respects to the compensation and benefits which normally obtain in private companies in the FRG.

The major special benefits for expatriate (non-German) employees—company housing or housing allowance and a post allowance to protect the employee's salary against the higher cost of living in Munich vis-a-vis Washington, D.C.—are compatible with the benefits provided by other multinational companies to their expatriates. RFE/RL's housing and post allowances are higher than benefits provided by the U.S. Government to employees serving abroad (civil service and foreign service) for two primary reasons: (1) the allowances for most RFE/RL employees are fully subject to German and U.S. income taxes while the USG employees' allowances are tax-free in both the FRG and the U.S., and (2) RFE/RL employees are "on the economy" for all purchases while USG employees have access to Commissary, PX and other USG-subsidized facilities for food and other major purchases. Unlike RFE/RL employees, USG employees are also exempt from the value added tax for purchases on the economy which is currently 14 percent of the purchase price.

RFE/RL's severance pay policy does indeed differ from the U.S. norm in that it provides severance pay upon retirement or resignation if the employee has at least 15 years of service or is at least 50 years of age. The roots of this policy can be traced to union contracts dating to the 1960's, and it is part of the current (negotiated in 1982) union contract for employees in the FRG. RFE/RL has made repeated efforts to renegotiate this policy to restrict severance pay to involuntary terminations, but without success thus far. These efforts will continue.

Question. I understand that the Board is trying to reduce the number of positions by a modified hiring freeze this year, and a reduction-in-force next year. Could you elaborate on the Board's personnel reductions? How many positions will be saved by year and what is the budget impact?

Answer. Sixty budgeted positions were lapsed in fiscal year 1991, resulting in estimated savings of $2,809,000 in salaries and $226,000 in related benefits. Compared to the fiscal year 1991 budget staffing pattern, reduced positions included 32 programming slots in the Bulgarian, Czechoslovak, Hungarian, Polish, and Romanian Broadcasting Services. Another 22 positions were eliminated in Broadcast Analysis, news, studio services, administrative services, and at the transmitter sites. Six new positions planned for operation of the Maxoqueira site were also eliminated. The positions required for the Maxoqueira site will be made available by the reallocation of slots within Engineering operations.

The fiscal year 1992 budget includes a reduction-in-force of 36 positions. Thirty programming slots, mainly media monitoring positions, will be eliminated in the Bulgarian, Czechoslovak, Hungarian, Polish and Romanian Broadcasting Services and six positions will be eliminated with the shutdown of Radio Free Afghanistan. The elimination of 36 positions will not result in overall savings in fiscal year 1992 but will reduce the fiscal year 1993 operating base by $2,374,000.

Question. Are you planning on lifting the hiring freeze in fiscal year 1992?

Answer. The modified hiring freeze will continue in fiscal year 1992, with only the most critical vacancies being filled with the concurrence of the President of RFE/RL.

CURRENT YEAR FUNDING SHORTFALLS

Question. Congress provided $8 million in the recent supplemental to make up shortfalls due to the devaluation of the dollar. But, I understand that the Board will still be short $18 million to $30 million this year.

The Board recently submitted a reprogramming for the balance of the funds which I understand includes terminating Radio Free Afghanistan. I also understand that your 1992 budget proposes terminating Radio Afghanistan.

Would you please review the elements of your proposed reprogramming?

Answer. Based on November 23, 1990 exchange rates (assumed when the 1992 budget was prepared) the anticipated loss for fiscal year 1991 approached $30 million. A supplemental was requested for $8 million. The remainder of the loss will be funded by a $5 million operational reduction, $0.6 million balance in the currency contingency fund, $5.2 million re-directed from technical modernization and the balance (up to $11.6 million) from reduced pension plan contributions. Based on April 2, 1991 exchange rates, which are more favorable, the fiscal year 1991 currency loss will require little or no reduction in contributions to the pension plans.

Question. What will be the impact of the Radio Afghanistan termination?

Answer. The termination of Radio Free Afghanistan will generate savings of approximately $700,000 at the budgeted exchange rates and eliminate 6 positions.

UNDER FUNDING EMPLOYEE PENSIONS

Question. Your budget proposes something that we do not normally see in a Presidential request. It proposes to reduce appropriation requirements by not paying $10.6 million in employee pension costs.

Was this the Board's decision or OMB's? Since this is simply deferring a must pay bill—when will these costs come due?

Answer. The fiscal year 1992 budget level is approximately the same as fiscal year 1991. In order to accommodate mandatory wage and price increases in fiscal year 1992, RFE/RL's budget includes a plan to defer payments into the pension plans. In accordance with ERISA, minimum contributions will be made into the U.S. Pension Plan in fiscal year 1992. There is no German equivalent of ERISA which requires that minimum annual contributions be made. The accrued liabilities, resulting from the deferment, will have to be funded in future years when pension plan deposits became insufficient to cover pension entitlements. Faced with no alternative source of funds for mandatory wage and price increases, the Board decided to utilize part of the pension plan payments.

QUESTION SUBMITTED BY SENATOR ROBERT W. KASTEN, JR.

Question. In your opening remarks you state that "Radio Free Europe/Radio Liberty is a unique asset of U.S. foreign policy," I would agree.

You state further that "it plays a critical role in the development of stable democracies." If this is the case, then why is the BIB eliminating Radio Free Afghanistan? It appears to me that we have a lot more work to do there. Especially in light of the fact that President Najibullah has held onto power for almost 2 years since the Soviet withdrawal. Can you explain the rationale for the shutdown?

Answer. When program budgetary priorities for RFE/RL were established, the Afghan Service, RFE/RL's newest service, was deemed to be of lower priority than those serving audiences in the Soviet Union and Eastern Europe. Elimination of this service is consistent with the National Security Council review of international broadcasting.

SUBCOMMITTEE RECESS

Senator HOLLINGS. We thank you both very, very much. The subcommittee will be in recess until Tuesday, April 23, when we will hear from Judge William F. Sessions of the FBI.

[Whereupon, at 11:25 a.m., Thursday, April 18, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, April 23.]

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1992

TUESDAY, APRIL 23, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room S-146, the Capitol, Hon. Ernest F. Hollings (chairman) presiding.

Present: Senators Hollings, Lautenberg, Rudman, and Gramm.

DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

STATEMENT OF WILLIAM S. SESSIONS, DIRECTOR

ACCOMPANIED BY:
- **FLOYD I. CLARKE, DEPUTY DIRECTOR**
- **JAY A. BRIXEY, DEPUTY ASSISTANT DIRECTOR, ADMINISTRATIVE SERVICES DIVISION**
- **MICHAEL J. ROPER, DEPUTY ASSISTANT ATTORNEY GENERAL, CONTROLLER**
- **ADRIAN A. CURTIS, DIRECTOR, BUDGET STAFF**

INTRODUCTION OF ASSOCIATES

Senator HOLLINGS. This morning the subcommittee will consider the fiscal year 1992 budget of the FBI. This is the subcommittee's last scheduled hearing, but we hope to have the Secretary of State when he returns from the Middle East.

Testifying this morning is Judge William S. Sessions, Director of the Federal Bureau of Investigation. Also appearing with Judge Sessions is Floyd I. Clark, Deputy Director, and Jay A. Brixey, Deputy Assistant Director for Financial Management.

BUDGET REQUEST

The fiscal year 1992 budget request for the FBI is $2,021,217,000, representing a $328.7 million or 19.4 percent increase above the amount appropriated last year. However, when we include the $19 million increase provided the FBI through the Organized Crime Drug Enforcement Program, the actual increase is closer to 21 percent, providing for a net increase of 520 new agent positions.

Judge, the difficulty we have is when they seek those amounts, they ask for them under what we call the summit agreement of last year. The Budget Enforcement Act caps domestic programs with a certain cap not to be exceeded, and if there are any additional increases like this you have to find funds—either find the taxes for it or, more particularly, cut others.

And, the way the President's budget allows for these increases is through reductions in NOAA, National Oceanic and Atmospheric Administration, some $170 million, cut back both the Small Business Administration and the Economic Development Administration. Those kind of cuts in NOAA, EDA, and SBA have been recommended now—this is at least the 11th year running—and been denied by the Congress each year.

So we're into a collision course of some kind. I don't know how we're going to deny the Small Business Administration, as I say, on the one hand, and yet find the money—because I can't go to Defense, I can't go to the State Department or anything else or find any other programs within this bill to eliminate in order to provide for it. Yet, we're all for law enforcement. I think you ought to understand the dilemma the committee is in at the moment. It's not your doing; it's that silly summit agreement.

Senator RUDMAN. Thank you. I look forward to hearing from the Director.

PREPARED STATEMENT

Senator HOLLINGS. Judge, we welcome you this morning and we'll include your statement in its entirety in the record. You can summarize or you can deliver it as you wish.

[The statement follows:]

STATEMENT OF WILLIAM S. SESSIONS

Mr. Chairman and members of the committee: The last time I met with the committee in May, 1990, the world was a different place. Since then, we have all watched earth shaking events unfold which no one could have foreseen. The shifts in political thought, the struggle of emerging democracies, the formation of new alliances, however tenuous they may be, and the upheaval in Eastern Europe and the Middle East hold the possibility of great promise for a new world order.

While it's difficult to tell what all of this means, one thing is certain—when the winds of change come to rest, and the dust of confusion subsides, the world will have undergone an adjustment of historic proportions.

The events taking place in the Middle East, Eastern Europe, the Baltic States, and the Soviet Union have, for the time being, taken center stage, but this does not and should not mean that domestic issues have become less important. They are just as important as they have ever been, and one of the most critical domestic issues we face is crime.

The crime problems confronting this country are serious and far-reaching. The way in which these problems are dealt with now will, to a large extent, decide the future quality of life in the United States—possibly for years to come.

The pernicious effects of white-collar crime are being felt as financial institutions have failed in unprecedented numbers, causing staggering losses which must eventually be borne by the American people. We have seen several cases involving widespread fraud in the securities and commodities markets. Time and again fraudulent schemes have been perpetrated against the operations of government which have resulted in substantial diversions of tax dollars from their intended use.

Illegal drugs continue to erode the very fiber of society, breeding violence and crime which have left many Americans fearful for their safety. Violent gangs, such as the Bloods and the Crips, who are involved in selling drugs, have begun a migration from their big city origins to smaller towns and cities across the country. Colombian, Mexican and Asian groups continue to dominate the international drug trade. Unfortunately, they have the resources to rapidly adapt their operations and organizational structures in response to law enforcement activities, making investigation and prosecution more challenging.

Of the groups engaged in the more traditional forms of "organized crime," the most significant and persistent is La Cosa Nostra (LCN). The most recent estimates indicate that the 25 crime families throughout the country consist of some 1,700 active members and many thousands of associates—professional criminals whose livelihood is derived principally from criminal activity, and who aspire to membership in the organization, giving the member thousands of criminal contacts and others on whom the organization relies for information and assistance in the worlds of commerce and government.

Asian organized crime groups are becoming more prominent on the international crime scene. Groups such as the "Boryokudan," which translates into "the violent ones," are reported to number some 87,000 strong in their native Japan, and they have begun to expand the scope of their criminal activities.

Chinese organized crime groups, or Triads, are also becoming increasingly active in the United States. Today there are 60 Triads composed of some 80,000 members, based primarily in Hong Kong. As the date for cession of Hong Kong to the People's Republic of China draws near, these groups are actively trying to relocate their operations to the United States. We know that Triads have already contacted the LCN, and we expect to see the Triads try to put down roots in this country and expand their criminal activities accordingly.

I am convinced that we have arrived at a good understanding of the crime problems facing America today, and we have combined our experience and factual knowledge to arrive at strategies which enable the FBI to have maximum impact. The extent and effectiveness of this impact will be directly affected by the 1992 level of resources that are being sought.

Because of the need for those necessary resources I seek your support for the FBI requests set out in the fiscal year 1992 budget.

For 1992, the FBI is requesting a total of $2,021,217,000 in funding, 23,319 permanent positions and 22,083 direct work-years. This represents an increase of $328,707,000, 1,515 positions and 1,660 work-years over the 1991 enacted level, with program increases totaling $154,668,000, 1,516 positions (including 409 agents) and 781 work-years above the 1992 base level.

The total increase in funding of $328,707,000 represents a 19.4 percent increase over the 1991 enacted level. Just over half of this increase involves base level adjustments needed to cover increases in personnel costs resulting from enactment in 1990 of Public Law 101–173, having to do with administratively uncontrollable overtime and the Federal Law Enforcement Pay Reform Act of 1990, as well as the overall civilian pay raise and other mandatory cost increases. This legislation received the overwhelming support of the Congress, and I believe that you fully appreciate the need to fund these increases in their entirety. In total, base level adjustments amount to $174,039,000.

The remainder of the requested increases are intended to fund essential program increases. I'd like to briefly discuss some of the more prominent parts of these requested increases.

WHITE-COLLAR CRIME

As you are aware, the Congress provided funding in the 1991 budget for the investigation of financial institution fraud. I am happy to report that our efforts are starting to pay off. Perhaps the best examples of this are the results of the Dallas bank fraud task force. In the three years since its formation, the efforts of this task force have resulted in criminal charges against 95 individuals, 76 of whom have been convicted. Forty-six of these individuals held ownership interests or executive positions in the institutions under investigation.

In the course of trying to deal with the crisis in financial institutions, we must bear in mind that other aspects of our white-collar crime program deal with other critical crime problems such as bankruptcy fraud, political corruption, and governmental fraud, particularly in connection with programs administered by the Department of Housing and Urban Development. None of these crime problems have received the full attention they deserve. Accordingly, this request includes an increase of 347 positions, 176 work-years and funding in the amount of $29,941,000 for the white-collar crime program.

The 347 positions requested include 171 special agent and 176 support positions. A total of 125 agent positions and 83 support positions would be applied to investigate financial institution fraud. The remaining 46 agent and 93 support positions would be directed to the investigation of bankruptcy frauds, public corruption and housing and urban development fraud.

LAW ENFORCEMENT NETWORKING

There is one other initiative which is particularly noteworthy in the context of the FBI's budget. The FBI has traditionally served as a leader in the confederation of Federal, State and local law enforcement agencies providing basic services to the criminal justice community. The FBI's efforts involve neither grants nor subsidies to State or local agencies. The funding for State and local assistance goes to provide a link for the sharing of information and technology so necessary to insure that the highest quality of law enforcement services are delivered evenly throughout the country.

Educational services, such as the FBI National Academy, information sharing, as through the National Crime Information Center (NCIC) and technology sharing, like DNA research, have made it possible for agencies at all levels of government to apply state-of-the-art techniques to local crime problems and to allow for formulations of cogent strategies at the Federal level. We appreciate the support shown by this subcommittee in the past for these initiatives, and I hope for your continued support.

FELON IDENTIFICATION

The Anti-Drug Abuse Act of 1988 directed the Attorney General to develop, and to report to Congress on, systems available for the "immediate and accurate" identification of felons who attempt to purchase firearms. In November, 1989, the Attorney General reported to Congress and recommended a system which, when developed, would accomplish the goals of the act. This proposal relies heavily upon the records of the FBI's national fingerprint identification file for information.

The Attorney General has directed the FBI to perform very specific tasks in connection with the development of this on-line system, including preparing the necessary data base. The Identification Division currently has a backlog consisting of about a half million fingerprint cards and 2.9 million disposition records, and has approximately 8.8 million criminal history records which must be converted in order to prepare the data base for the proposed felon identification in firearm sales system. Therefore, this request includes an increase of 487 positions, 243 work-years and funding in the amount of $12,500,000 for the Identification Division.

ORGANIZED CRIME

The FBI's organized crime program continues to be one of the most important programs in the FBI.

The FBI is requesting a total increase of 67 positions consisting of 20 agent and 47 support positions, 34 work-years and $4,852,000 for the organized crime program. A substantial part of this request, 24 support positions and $913,000 would be directed to applying the civil provisions of the RICO statute to organized crime cases, thus allowing for the dismantlement of the enterprises which serve as vehicles for criminal activity. These positions are essential to the proper execution of the FBI's national organized crime strategy. We have proven the efficacy of the approach, but without proper resources, it is just another plan.

The remainder of this request would be for 43 positions (20 agents), 22 work-years and $2,939,000 to support additional investigation of Asian organized crime groups. These criminal groups are viewed as an emerging threat which, if not properly addressed, will become established in the criminal community and will become a persistent and constantly growing problem.

DRUGS

Over a number of years, the FBI developed a strategy for the investigation of drug trafficking organizations which was designed to enhance the FBI's intelligence base, identify trends and make projections, identify major trafficking organizations, and allow for precise application of resources to achieve maximum results by prosecuting the enterprise members and seizing and forfeiting their assets. I am happy to report that our experience with this approach has proven extremely successful, so much so that it has been adopted in the Office of National Drug Control Policy national drug strategy as the "overarching goal of drug law enforcement."

During 1992, the FBI intends to continue our strong support of the national drug strategy by concentrating our resources on organized crime drug enforcement task forces and on the major Colombian, Mexican, European and Asian trafficking

groups, in addition to major national trafficking gangs, namely the Bloods, the Crips and the Jamaican Posses.

Moreover, the FBI intends to support the high intensity drug trafficking areas by providing additional personnel in areas so designated.

In total, this request includes increases of 64 positions consisting of 32 agent and 32 support positions, 32 work-years and $5,935,000 for the drugs program.

TECHNICAL FIELD SUPPORT AND EQUIPMENT

As the world is moved by relentless technological changes, the field of battle on which the FBI must fight crime changes as well. Our investigations are relying more and more on technical means of evidence collection, and the technical requirements are in a constant state of flux because of the development of countermeasures or other changes in operating technology. New requirements for equipment arise and bring with them requirements for specialized personnel to operate, service and maintain the equipment. These constant changes in technology threaten to reduce the effectiveness of the FBI unless we keep pace with them.

A matter of no small concern is the emergence of digital telephone technology. The transition from analog to digital format in telecommunications now underway will require a substantial retooling of the FBI's technical capabilities if we are to operate effectively in the coming years. Unless we do so, the FBI's ability to conduct the court-approved electronic surveillances upon which many of our investigations depend will be seriously impaired.

This request includes increases totaling 31 positions, 16 work-years and $25,354,000 intended to keep the FBI technically operational.

CONCLUSION

There are a great many other elements to the FBI's budget request, but I will not go into detail at this time unless you have particular questions.

Let me close by noting that the FBI has a clear sense of its role, a clear understanding of its mission, and a clear idea about how best to accomplish that mission, and so serve the American people. I hope that you can fully support our budget request.

Thank you very much for your time and attention. If there are any questions, I'll be happy to answer them.

OPENING STATEMENT

Mr. SESSIONS. Thank you, Mr. Chairman. It's a pleasure to be here again.

You'll recall that last time I met with the committee in May 1990, the world, as I indicate, was a different place. Since then, we've all watched the earth-shaking events unfold which no one could have foreseen. The shifts in political thought, the struggle of emerging democracies, the formation of new alliances, however tenuous they may be, and the upheaval in Eastern Europe and the Middle East hold the possibility of great promise for a new world order.

While it's difficult to tell what all of this means, one thing is certain: when the winds of change come to rest, and the dust of confusion subsides, the world will have undergone an adjustment of historic proportions.

The events taking place in the Middle East, Eastern Europe, the Baltic States, and the Soviet Union have for the time being, taken center stage, but this does not and should not mean that domestic issues have become less important. They are just as important now as they've ever been and, of course, one of the most critical domestic issues is crime.

The crime problems confronting the country are serious and far-reaching. The way in which these problems are dealt with now will, to a large extent, decide the future quality of life in the United States, possibly for years to come.

WHITE-COLLAR CRIME

The pernicious effects of white-collar crime are being felt as financial institutions have failed in unprecedented numbers, causing staggering losses which must eventually be borne by the American people. We have seen several cases involving widespread fraud in the securities and commodities markets. Time and again fraudulent schemes have been perpetrated against the operations of Government which have resulted in substantial diversions of tax dollars from their intended use.

ORGANIZED CRIME GANGS

Illegal drugs continue to erode the very fiber of society, breeding violence and crime which have left many Americans fearful for their safety. Violent gangs, such as the Crips and the Bloods, who are involved in selling drugs, have begun a migration from their big-city origins to smaller towns and cities across the country. Colombian, Mexican, and Asian groups continue to dominate the international drug trade. Unfortunately, they have the resources to rapidly adapt their operations and organizational structures in response to law enforcement activities, making investigation and prosecution more challenging.

Of the groups engaged in the more traditional forms of organized crime, the most significant and persistent is La Cosa Nostra [LCN]. The most recent estimates indicate that the 25 crime families throughout the country consist of some 1,700 active members and many thousands of associates—professional criminals whose livelihood is derived principally from criminal activity, and who aspire to membership in the organization, giving the members thousands of criminal contacts and others on whom the organization relies for information and assistance in the worlds of commerce and government.

Asian organized crime groups are becoming more prominent on the international crime scene. Groups such as the Boryokudan, which translates into the violent ones, are reported to number some 87,000 strong in their native Japan, and they have begun to expand the scope of their criminal activities certainly into this country.

Chinese organized crime groups, or triads, are also becoming increasingly active in the United States. Today there are 60 triads composed of some 80,000 members, based primarily in Hong Kong. As the date for cession of Hong Kong to the People's Republic of China draws near, these groups are actively trying to relocate their operations to the United States. We know that triads have already contacted the LCN, and we expect to see the triads try to put down roots in this country and expand their criminal activities accordingly.

I am convinced that we have arrived at a good understanding of the crime problems facing America today. The FBI response to these many and varied crime problems demonstrates the value to the United States of having a general purpose Federal law enforcement agency with multiple statutory jurisdictions which can quickly and efficiently adjust and redeploy its resources as needed and required to address national security and public safety problems in times of crisis. We have combined our experience and factual knowledge to arrive at strategies which enable the FBI to have maximum impact. The extent and effectiveness of this impact will be directly affected by the 1992 level of resources that are being sought.

REQUESTED RESOURCES

Because of the need for those resources I seek your support for the FBI requests set out in the fiscal year 1992 budget.

As you noted, for fiscal year 1992, the FBI is requesting a total of $2,021,217,000 in funding, 23,319 permanent positions and 22,083 direct work-years. This represents an increase of $328,707,000, 1,515 positions and 1,660 work-years over the 1991 enacted level, with program increases totaling $154,668,000, 1,516 positions—including 409 agents—and 781 work-years above the 1992 base level. The total increase in funding of $328,707,000 represents a 19.4-percent increase over the 1991 enacted level. Just over one-half of this increase involves base level adjustments needed to cover the increases in personnel costs resulting from the enactment in 1990 of Public Law 101–173, having to do with administratively uncontrollable overtime and the Federal Law Enforcement Pay Reform Act of 1990, as well as the overall civilian pay raise and other mandatory cost increases. This legislation received the overwhelming support of the Congress, and I believe that you fully appreciate the need to fund these increases in their entirety. In total, the base level adjustments amount to $174,039,000.

The remainder of the requested increases are intended to fund essential programs. I'd like to briefly discuss some of the more prominent parts of these requested increases.

WHITE-COLLAR CRIME

As you are aware, the Congress provided funding in the 1991 budget for the investigation of financial institution fraud. I am happy to report that our efforts are starting to pay off. Perhaps the best examples of this are the results of the Dallas Bank Fraud Task Force. In the 3 years since its formation, the efforts of this task force have resulted in criminal charges against 95 individuals, 76 of whom have been convicted. Forty-six of these individuals held ownership interests or executive positions in the institutions under investigation.

In the course of trying to deal with the crisis in the financial institutions, we must bear in mind that other aspects of our White-Collar Crime Program deal with the other critical crime problems, such as bankruptcy fraud, political corruption, and governmental fraud, particularly in connection with programs administered by the Department of Housing and Urban Development. None of these crime problems have received the full attention they deserve. Accordingly, this request includes an increase of 347 positions, 176 work-years and funding in the amount of $29,941,000 for the White-Collar Crime Program.

The 347 positions requested include 171 special agent and 176 support positions. A total of 125 agent positions and 83 support positions would be applied to investigate financial institution fraud. The remaining 46 agent and 93 support positions would be directed to the investigation of bankruptcy frauds, public corruption, and fraud related to programs of the Department of Housing and Urban Development.

LAW ENFORCEMENT NETWORKING

There is one other initiative which is particularly noteworthy in the context of the FBI's budget. The FBI has traditionally served as a leader in the confederation of Federal, State, and local law enforcement agencies providing basic services to the criminal justice community. The FBI's efforts involve neither grants nor subsidies to State or local agencies. The funding for State and local assistance goes to provide a link for the sharing of information and technology so necessary to insure that the highest quality of law enforcement services are delivered evenly throughout the country.

Educational services, such as the FBI National Academy, information sharing, as through the National Crime Information Center, and technology sharing, like DNA research, have made it possible for agencies at all levels of government to apply state-of-the-art techniques to local crime problems and to allow for formulations of cogent strategies at the Federal level. We appreciate the support shown by this subcommittee in the past for these initiatives, and I hope for your continued support.

FELON IDENTIFICATION

The Anti-Drug Abuse Act of 1988 directed the Attorney General to develop, and to report to the Congress on, systems available for the immediate and accurate identification of felons who attempt to purchase firearms. In November 1989, the Attorney General reported to Congress and recommended a system which, when developed, would accomplish the goals of the act. This proposal relies heavily upon the records of the FBI's national fingerprint identification file for information.

The Attorney General has directed the FBI to perform very specific tasks in connection with the development of this on-line system, including preparing the necessary data base. The Identification Division currently has a backlog consisting of about 500,000 fingerprint cards and 2.9 million disposition records, and has approximately 8.8 million criminal history records which must be converted in order to prepare the data base for the proposed felon identification in firearm sales system. Therefore, this request includes an increase of 487 positions, 243 work-years and funding in the amount of $12.5 million for the Identification Division.

ORGANIZED CRIME

The FBI's Organized Crime Program continues to be one of the most important programs in the FBI.

The FBI is requesting a total increase of 67 positions consisting of 20 agents and 47 support positions, 34 work-years and $4,852,000 for the Organized Crime Program. A substantial part of this request, 24 support positions and $913,000 would be directed to applying the civil provisions of the RICO statute to organized crime cases, thus allowing for the dismantlement of the enterprises which serve as the vehicles for the organized criminal activity. These positions are essential to the proper execution of the FBI's national organized crime strategy. We have proven the efficacy of the approach, but without proper resources it's just another plan.

Most of the remainder of this request would be for 43 positions, that is 20 agents, 22 work-years and $2,939,000 to support additional investigation of Asian organized crime groups. These groups are viewed as an emerging threat which, if not properly addressed, will become established in the criminal community and will become a persistent and growing problem.

DRUGS

Over a number of years, the FBI developed a strategy for the investigation of drug trafficking organizations which was designed to enhance the FBI's intelligence base, identify trends and make projections, identify major trafficking organizations, and allow for precise application of resources to achieve maximum results by prosecuting the enterprise members and seizing and forfeiting their assets. I am happy to report that our experience with this approach has proven extremely successful, so much so that it has been adopted as the national drug strategy of the Office of the National Drug Control Policy as the overarching goal of drug law enforcement.

During 1992, the FBI intends to continue our strong support of the national drug strategy by concentrating our resources toward organized crime drug enforcement task forces and on the major Colombian, Mexican, European, and Asian drug trafficking groups, in addition to major national trafficking gangs, namely the Bloods and the Crips and the Jamaican Posses.

Moreover, the FBI intends to support the high-intensity drug trafficking areas by providing additional personnel in the areas so designated.

In total, this request includes increases of 64 positions, consisting of 32 agent and 32 support positions, 32 work-years and $5,935,000 for the drug programs.

TECHNICAL FIELD SUPPORT AND EQUIPMENT

As the world is moved by relentless technological changes, the field of battle on which the FBI must fight crime changes as well. Our investigations are relying more and more on technical means of evidence collection, and the technical requirements are in a constant state of flux because of the development of countermeasures or other changes in operating technology. New requirements for equipment arise and bring with them requirements for specialized personnel to operate, service, and maintain the equipment. These constant changes in technology threaten to reduce the effectiveness of the FBI unless we can keep pace with them.

A matter of no small concern is the emergence of the digital telephone technology. The transition from analog to digital format in telecommunications now underway will require a substantial retooling of the FBI's technical capabilities if we are to operate effectively in the coming years. Unless we do so, the FBI's ability to conduct the court-approved electronic surveillances upon which many of our investigations depend will be seriously impaired.

This request includes increases totaling 31 positions, 16 workyears, and $25,354,000 intended to keep the FBI technically operational.

There are a great many other elements to the FBI's budget request, but I will not go into detail at this time, unless you have particular questions about them.

Let me close by noting that the FBI has a clear sense of its role, a clear understanding of its mission and a clear idea of how to best accomplish that mission and to serve the American people. I hope that you can fully support our budget request.

I thank you very much for allowing me to read this entire statement and, of course, if there are questions, I'll be pleased to try to answer them.

RELOCATION OF THE IDENTIFICATION DIVISION

Senator HOLLINGS. Judge, in that Identification Division, I'm looking specifically at the new Clarksburg facility. And on behalf of our chairman, Senator Byrd, he wanted to know, since there were no moneys requested, as I understand it, in your budget—is that correct?

Mr. SESSIONS. In connection with the technical systems, yes. There is, of course, the money that was provided under the dire emergency for the construction of the facility up there.

Senator HOLLINGS. Yes; but did the FBI request funding for the revitalization and relocation project during the 1992 budget process?

Mr. SESSIONS. It is not part of the request. We did, in fact, request it, but it did not survive to this point.

Senator HOLLINGS. How much is needed for fiscal year 1992 and how would it be used?

Mr. SESSIONS. Mr. Chairman, it's my belief that unless we obtain $48 million for those specific purposes we will be delayed in the development of the technology which will allow us to come on-line with the revitalization and relocation project.

That money is broken down specifically. I'll be pleased to give it to you. It's $8 million for the image transmission network and fingerprint scanner program. There would be $40 million for the automated fingerprint identification system competitive concepts awards process, of which $15 million would be for automated fingerprint identification systems concepts and first-level prototypes and developments. The final $25 million of the total $48 million would be for the final development and testing of two of the best AFIS concepts. That is necessary to actually begin acquisition in the 1993 period. So we select—or anticipate the final selection of the AFIS in early 1993.

If we do not do this in 1992, if those funds are not available, then we will neither go forward with those RFP's, nor will we be able actually to stay on-line with the scheduled development of those technical programs.

Senator HOLLINGS. Would it amount to any additional cost later?

Mr. **SESSIONS**. Did you ask if there would be any additional cost?

Senator **HOLLINGS**. Yes; by delaying it, not approving it in 1992?

Mr. **SESSIONS**. Yes; it is about $1 million a month as we roll by if we do not do it. But the important thing is not the cost of the delay, it is that we would not be able to implement the systems and develop the systems which are an integral part of it.

What that means in simple terms, in my view, is that when I became Director, there were 19 automated fingerprint identification systems around the country. Three years later, there are now 33. That means that in those 36 or 40 months, 14 additional systems were, in fact, developed. At 33, that now leaves 17 States to develop them. Every time there is a development, it is one step further in being unable to communicate intersystem and certainly with the Federal records. And it simply means that we would absolutely lose the system. The identification capability of fingerprints nationwide and a solid core would actually be gone.

Senator **HOLLINGS**. I see. Well I think you've emphasized the importance of it and we wanted to clarify that in the particular record of requests.

Mr. **SESSIONS**. I appreciate that, Senator.

LAW ENFORCEMENT PAY REFORM

Senator **HOLLINGS**. On the matter of pay costs—Judge, I want to yield to my colleagues here, but as I understand it now—you're asking for $174 million or a 53-percent increase to cover the base resulting from the implementation of various law enforcement pay reform bills that we put in last year.

Mr. **SESSIONS**. That is true.

Senator **HOLLINGS**. And they have as an example here—if all the scenarios fit—let's see, a GS–14 agent being paid $52,104 in 1991; gets his 4.2 percent COLA; and then his 16-percent increase because he works in New York; and then he gets his overtime; and then he's eligible for a retention bonus, if he gets that; and he agrees to relocate and gets another bonus; if he speaks a foreign language, he gets another bonus; so his salary really jumps from $52,104 in 1991 to $120,191 in 1992. And this doesn't even include benefits worth another $30,174.

Mr. **SESSIONS**. You are referring to the New York City circumstance, that is correct. That could happen.

Senator **HOLLINGS**. Have you got a vacancy up there I can apply for? [Laughter.]

Mr. **SESSIONS**. The understanding of the circumstance in New York City was extremely important and the Congress has now recognized that by the adoption of a National Advisory Commission on Law Enforcement Pay.

Senator, we were bleeding to death up there.

Senator **HOLLINGS**. I understand.

Mr. **SESSIONS**. It absolutely meant that we had to come on-line with a capability to match the capability that existed in law enforcement in the area. Without those capabilities, for instance, in California, we were 82d out of 86 in the hiring wage for law enforcement officers in that State. What you did was right and what you did was critical.

[The information follows:]

FEDERAL LAW ENFORCEMENT PAY REFORM ACT—MAXIMUM AGENT PAY AS ALLOWED UNDER THE ACT

[In thousands of dollars]

	GS–7	GS–10	GS–13	GS–14
1991 General Schedule pay	20,902	28,158	44,092	52,104
Planned 1992 4.2 percent pay raise	878	1,183	1,852	2,188
1992 General Schedule pay	21,780	29,341	45,944	54,292
Additional 1992 entry level pay[1]	2,548	805	N/A	N/A
Locality pay (New York, Los Angeles, San Francisco—16 percent)	6,082	7,536	11,486	13,573
Subtotal, basic pay	30,410	37,682	57,430	67,865
AUO (25 percent of basic pay)	7,602	9,421	14,357	16,966
Subtotal, basic pay plus AUO	38,012	47,103	71,787	84,832
Benefits (45 percent)	17,106	21,196	32,304	38,174
Retention bonus for eligible retirees (25 percent of basic pay)[2]	N/A	N/A	14,357	16,966
Recruitment bonus (25 percent of base pay)[2,3]	6,082	7,536	N/A	N/A
Relocation allowance (up to $15,000)	15,000	15,000	15,000	15,000
Language bonus award (5 percent of basic pay)	1,520	1,884	2,871	3,393
Maximum salary plus benefits	77,720	92,719	136,321	158,366
Less: benefits	(17,106)	(21,196)	(32,304)	(38,174)
Maximum gross pay	60,615	71,523	104,016	120,191

[1] Due to phase in of the entry level provision, GS–7 agents will earn an additional $1,813 in increased pay and AUO in 1993.

[2] Law enforcement officers are eligible for retention and recruitment bonuses; however, this is a provision of the Federal Employees Comparability Act of 1990. This is a one-time payment.

[3] The definition of base pay for this provision does not include locality pay.

BANK FRAUD CASE BACKLOGS

Senator HOLLINGS. Very good, sir.

Last year you said that there were 20,000 referrals pertaining to bank fraud and the FBI only had resources to investigate 7,000 cases. Of the 7,000 cases under investigation, 1,300 major cases—each over $100,000, I think, was the description—were inactive because of limited personnel.

Now, in an effort to address that backlog, the committee provided $47.3 million more than the President's request—that is, 224 new agents and 146 support staff. Has the FBI recruited the additional staff provided in last year's bill?

Mr. SESSIONS. So far as I know they were on-line and in place by September, Senator. But I will check that, Mr. Chairman, and be absolutely certain. I believe I'm correct.

Senator HOLLINGS. Good. Thank you.

Mr. SESSIONS. Yes, sir.

[The information follows:]

RECRUITMENT OF FINANCIAL INSTITUTION FRAUD STAFF

The 224 special agent positions authorized in the Crime Control Act of 1990 and funded in the 1991 appropriations act, are being allocated to FBI field offices having the most acute need for resources to investigate financial institution fraud.

These additional resources will also support the recent formation of the New England Bank Fraud Task Force, which was publicly announced by the Attorney General on February 21, 1991.

The resources added pursuant to the Crime Control Act will result in over 900 FBI agents dedicated to the investigation of financial institution fraud matters nationwide.

The 224 special agent positions authorized in the Crime Control Act of 1990 and funded in the 1991 appropriations act, are being allocated to FBI field offices having the most acute needs and to support the recent formation of the New England Bank Fraud Task Force. The FBI is in the process of transferring agents to those offices. These transfers consist of experienced white collar crime agents and new agents with backgrounds in accounting, banking, business of finance on an approximate 50/50 ratio, similar to the prior resource allocations pursuant to the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA). The resources added pursuant to the Crime Control Act will result in over 900 FBI agents dedicated to the investigation of financial institution fraud matters nationwide.

FBI BUDGET INCREASES SINCE 1981

Senator HOLLINGS. Warren.

Senator RUDMAN. Thank you, Mr. Chairman.

You know, it's interesting to look at a historical perspective of where we've been and where we're going. I just thought, for purposes of the record this morning, that it might be worthwhile to review the funding history of the FBI. We tend to become familiar with the numbers. You get used to them and you don't pay much attention to them. Well finally something hits you. It hit me this morning.

When I joined this subcommittee in 1981, the FBI budget was $681 million; that's precisely the number. The fiscal year 1992 request—and it's a legitimate request—is $2.1 billion.

If you assume a 5-percent inflation rate for the decade of the eighties, then the FBI budget would have gone up to approximately $1 billion assuming no program enhancements. But we expunded the budget because the need existed. So this budget request for fiscal 1992 is 300 percent of what it was in fiscal 1981.

I put that into the record only to point out what it says about America. We talk in terms of statistics, but as I listened to your testimony this morning—and it's very accurate testimony—something very bad is happening in this country when the national law enforcement agency has to have a budget increase of 300 percent—200 percent real—over a 10-year period. It says something about what's happening to the country—and that's a fundamental question which is not addressed by this committee.

But I find it absolutely remarkable and disturbing and alarming. I read your statement this morning concerning your funding needs, whether it be for the Asian gangs, organized crime, or drug enforcement. This Nation has now reached the point where it has to spend at a rate that is almost unbelievable to keep order in the streets and to keep honesty in our businesses.

It's a very disturbing number, Mr. Chairman—300 percent over a 10-year period. And this committee, under your leadership, has backed these requests, and we want to try back it this year again.

Senator HOLLINGS. Well that's the point——

Senator RUDMAN [continuing]. But how do we do it?

Senator HOLLINGS. Yes; I think it's not inflated and, as you and I remember, President Reagan went down to New Orleans, he said there was a thin blue line separating the jungle of violence from law enforcement and then he came back and he promptly asked for a cut. And, in addition to cutting agents, it came to the next year and he said the FBI would not be handling bank robberies. And then, when you and I asked about drugs, they said "No," they didn't want to get into that. So we had about 3 to 4 years in there that we either marked time or actually lost a few agents.

And then we were trying to—you and I—play catch-up ball. And, we come along now and we're really playing catch-up ball with this escalating drug and violent crime situation.

It's dismaying to me: I get the same feeling that our distinguished colleague has when I go around my State and all they're building—instead of new industries, are new prisons. I can get you a new prison; I can't get you a new school.

Mr. SESSIONS. There are two observations that I have about the difference between 1981 and today. First of all, since 1981, every single one of the FBI's priorities have been established and all of those, as you know: organized crime, white-collar crime, foreign counterintelligence, in 1982 terrorism came on-line, in 1987 drugs came on-line, in 1989 violent crime reaction came on-line. All of these things are designed to give a cohesive national coverage and to take advantage of the strong relationship with local law enforcement. These things are critical to us and they do not go away. But the prioritization of our responsibilities is absolutely necessary because there are 270 statutes.

Senator RUDMAN. It is interesting to consider two statistics that the chairman and I look at, because we serve on a number of subcommittees on the Appropriations Committee. Judge Sessions, when we look at what we're spending for law enforcement—and we have to spend it, and we're going to have to find some way to meet a good part of this request; how we're going to do it with this budget summit agreement I do not know—and on the other hand you look at educational achievement, which the President is trying to address, you'll see a gap. And you say "What's going on in this country when we've got this kind of situation * * *.

Well, after that rather depressing commentary, I want to get to a couple of questions, unless you wanted to comment further on that.

Mr. SESSIONS. The specific second matter I look on is a matter of responsibility. There are, in fact, 270 Federal statutes for which we have investigative responsibility. We're not a single-purpose agency at all; there are multiple jurisdictional responsibilities. And those are, in fact, nationwide. So I look on it as responsibilities, very clearly. And the money that is put into it is of great benefit to our country, in all those priority areas particularly.

Senator RUDMAN. I have no disagreement with that, Judge. I would only say it's a shame that those problems exist and we have to spend so much money on them—there would be such better uses for the money than what we have to spend it on. That is my point.

Mr. SESSIONS. Well we intend to spend it responsibly.

Senator RUDMAN. I don't mean to criticize you. I'm simply saying I wish the FBI came in and said we can do just fine next year on last year's budget because crime has now levelled off in the country, we don't have an increasing drug problem, we don't have any more street crime, foreign counterintelligence is stepped down and so forth. Then we could spend the money on education, the environment or some other worthwhile activity.

My point is——

Senator HOLLINGS. And the politicians have gone honest.

Senator **RUDMAN** [continuing]. With terrific resources we've got this kind of a situation to face.

Senator **HOLLINGS**. They ought to be locking them up in my State.

Senator **RUDMAN**. Let me ask a few specific questions—I will not comment on that at all.

Mr. **SESSIONS**. I didn't hear it.

FACILITY FOR THE RELOCATION OF THE IDENTIFICATION DIVISION

Senator **RUDMAN**. Just a few specific questions: The Fingerprint Identification Division the chairman has discussed with you, so I will not. But it's fairly obvious that if we don't get some money for the IAFIS system, then the large sums we're spending for construction will be for naught since we won't be able to utilize the facility. We've got to find a way to reach some compromise——

Mr. **SESSIONS**. It is designed to make it all come together.

Senator **RUDMAN**. That's correct.

Mr. **SESSIONS**. And if you fail to take the technological part of it and develop it, it cannot come together. That's correct.

Senator **RUDMAN**. I understand it was in your request to OMB, but was not approved by OMB.

Mr. **SESSIONS**. That is correct.

Senator **RUDMAN**. I understand the building is going to cost more than originally planned, is that correct?

Mr. **SESSIONS**. We will come in on budget. We will have some additional funds that we will apply, which will come from user fees, and I think you're familiar with those. Yes, sir.

PAYMENTS TO INFORMANTS

Senator **RUDMAN**. All right.

Let me turn to a different subject, because it's one that I'm curious about. You've got an increase of $2.5 million for informant payments.

Mr. **SESSIONS**. Yes.

Senator **RUDMAN**. And you indicate in your submission that information from informants is less expensive than obtaining information by other means such as physical or electronic surveillance techniques.

Mr. **SESSIONS**. That is correct.

Senator **RUDMAN**. How reliable is the information obtained by informants?

Mr. **SESSIONS**. I think that we are correct in evaluating informant information. Our undercover review committees that deal with our undercover agents are also very carefully monitored and very carefully analyzed. My own belief is that every single time you deal with an informant, as you note with a wiretap application, you have to look to the credibility, the reliability of that informant, and the information which the informant provides.

I am satisfied. But it never, ever goes away. You have to constantly stay after it.

Senator **RUDMAN**. Back during the congressional review of the Abscam operation, before your tenure, one of the things that disturbed not only Members of Congress but people in the Bureau was that it appeared to be rather lucrative in some cases to be an informant.

Do we have better controls now than we had then?

Mr. SESSIONS. Well you'd expect me to say that my eggs are fresh, Senator. We make every effort to try to be sure, and again, I'm answerable for that, and those review committees do very carefully look at that and stay with it. I would say, yes.

RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS

Senator RUDMAN. I want to talk about civil RICO.

Mr. SESSIONS. Yes.

Senator RUDMAN. You're requesting 24 positions for civil discovery process——

Mr. SESSIONS. Yes.

Senator RUDMAN [continuing]. Civil RICO.

And in the budget you comment that—quote—and I'll read what it says from your submission:

> The civil provisions of the RICO statute provide an investigative tool which has only been actively employed within the past few years. While its provisions are a vital component of the organized crime national strategy aimed at dismantling criminal organizations, its demand on available resources is substantial.

I wonder if you could elaborate a bit for the committee as to why civil RICO investigations make such demands on your FBI resources.

Mr. SESSIONS. Thank you.

When a criminal prosecution goes forward, it deals with criminal penalties applicable to those people who are indicted. The design of the civil program is to be able to assure a court that an organization which has been, in fact, overwhelmed by organized crime activity, has that hold loosened. The examples that have taken place in New York that directly reflect the appointment of the trustees in the various areas to take and facilitate the oversight of that particular union that might have been infiltrated and operated—pardon me, and run, in effect, by organized crime are, in fact, loosened. To do these effectively with civil processes means that the union, in this case, would be restored to the rank and file. Now to do that, you have to go back through all of the materials that had been utilized before in support of those trustees to be able to give them all the information they need and to support again the U.S. attorney in that need for discovery.

My belief is that it is almost more critical than the criminal area, because civil discovery is very difficult and is very exhaustive and is very broad. So the utilization of FBI resources diverted away from its normal criminal processes is very heavy and very time-consuming and yet it's very exacting and necessary work. So I cannot say that we can do it with current resources; we can't. The importance of that civil RICO program to the Department of Justice and to the American population is obvious. And I think it's totally justified.

Senator RUDMAN. It's my understanding that U.S. attorneys around the country are finding this a new tool which in many instances can be more effective than other avenues——

Mr. SESSIONS. I think it can be. I think it has to be used very carefully. The coordination with the Department of Justice, my own personal coordination with the U.S. attorneys who use it, and how we do it, and our support of it is constant.

Senator **RUDMAN**. You may not have an answer to this but, if you don't, I'd appreciate it for the record. You know, over the objections of this subcommittee, the Defense appropriations bill included $10 million to establish a National Drug Intelligence Center in Johnstown, PA. Do you have any information on the status of this yourself?

And, second, I understand that although we've prohibited any Justice funds from being used for it, there's some question about using Justice personnel on a reimbursable basis. Do you know anything about this——

Mr. **SESSIONS**. So far as I know, we do not have any personnel assigned to it. You know, Senator, that we pursued very carefully the development of our drug information system—you may have seen that system, I do not know. Because we wanted to be prepared in the drug intelligence field to be sure we were on-line. We utilize that system and now have it—or will at the end of this year have it in 18 offices. We anticipate there will be 18 more in 1992. So that system is extremely important because of our responsibility to major drug trafficking organizations. Those have international roots.

So it's extremely important to us that our own intelligence system be fully developed and it is and we work at that. But we do not share in the other projects, so far as I know.

Senator **RUDMAN**. Well the Johnstown project, of course, is just getting off the ground. It's going to be under the Defense Department jurisdiction——

Mr. **SESSIONS**. That's correct.

Senator **RUDMAN**. My only question was whether you're getting involved in any way and I was hoping your answer would be no.

Mr. **SESSIONS**. Well it's my belief that we are not. If we are, I do not know of it.

Senator **RUDMAN**. A couple other things and then I will yield, Mr. Chairman.

AGENT RETIREMENT

You are asking for increases in the applicant field programs.

Mr. **SESSIONS**. That's correct.

Senator **RUDMAN**. And I was struck by another number—you indicated that over the next 10 years, approximately 50 percent of special agents currently onboard will retire.

Is that unusual or does that compare with the past decades—that's a remarkable figure.

Mr. **SESSIONS**. There was a time when there was a sudden retirement explosion, and there were great numbers. What happened is when I became Director, one of the first things I became aware of was that during the first 8½ years of my term, we would have 50 percent of our agents eligible for retirement. That was shocking in and of itself.

But the fact is that they were retiring because of the pay circumstance and because of other circumstances as soon as they were eligible. This meant that we conceivably, at the 8½ year mark, could have one-half of our agent strength with less than 8 years experience. These things, to me, were critical and the reversal of that trend has now been, I think, completed.

The Congress through its support of NACLE, support of law enforcement, our needs, made that possible. But it is my responsibility, when I'm losing in those years 4,000 agents, in a period of time where it is absolutely critical, a grand total of 4,750 over that period of time, that I be able to train, bring them on and hold them. We are now beginning to be able to do that.

Senator RUDMAN. Do you believe that some of the things that you've been doing and some of the funding you've been receiving will improve the situation?

Mr. SESSIONS. It could not have happened without your support and I will say this. The additional wisdom of the Congress in extending the age for law enforcement from 55 to 57 has been a strong factor in allowing a law enforcement officer, properly paid and properly motivated, to have a full career, rather than being required at age 50 to go out and seek a second job in order to be able to educate his children or her children, and be able to do those things which provide for normal family living.

So what the Congress has done absolutely was essential, and I am grateful. All of law enforcement should be.

Senator RUDMAN. Well I appreciate your testimony. I will end where I began: we're going to try to support this request. I think the chairman could not have stated it any more directly or succinctly regarding the caps for nondefense discretionary spending. We're going to have a difficult time coming up with the full funding. Obviously, if we can't come up with the full funding, we're going to have to come back and discuss with you what your priorities are.

I remember I once asked Secretary Weinberger that question and he said I need all of it. And, you know, I guess your answer would be the same. But if we end up with something less than you're requesting, we are going to have to really fine-tune this. Unless something remarkable happens with this summit agreement, we may not have the full amount. We may have a good portion of it; but we're going to have a difficult time in fulfilling the full amount.

Thank you, Mr. Chairman.

Senator HOLLINGS. Senator Lautenberg.

Senator LAUTENBERG. Thanks, Mr. Chairman, and welcome, Judge Sessions.

Mr. SESSIONS. Thank you, sir.

PAY REFORM

Senator LAUTENBERG. You run a good department. We're proud of the FBI's accomplishments and their role. And the fact that we don't see violations within the FBI that we occasionally see in local police departments means that your people understand very well where their performance permits them to go and where they have to be careful. We respect that.

In response to my colleague's comments about the growth in the budget of the FBI, I think you adequately pointed out the fact that the assignment has broadened as the problems have deepened. There hasn't been any significant, if any, reduction in the epidemic of drugs across our country. We have you chasing down environmental law offenders, civil rights, and you name it. And since the last decade, I would have to guess that your agendas have probably gone up almost proportionately to the percentage increase in the budget.

I, for one, must tell you how much I appreciate the fact that we were able, Mr. Chairman, to get those pay differentials. You know, New Jersey is in a high-cost area; New York on our north, Philadelphia on our south. And without those pay differentials we just couldn't ask those people to perform their jobs in good conscience, because they'd have to be worrying about their family responsibilities.

And I think, Judge, it's fair to say that the people out of Newark are deeply appreciative of the recognition that they've gotten. They, too, are in a high-cost area and not just across the river where the pay is higher, the problems are certainly not less and the risks not lower.

Mr. SESSIONS. Well your role in that was significant, Senator, and it was extremely appreciated.

FBI VERSUS LOCAL LAW ENFORCEMENT BUDGETS

Senator LAUTENBERG. Well, we were fighting for our people.

Now I wanted to just ask you one question: Is there any expansion of the FBI budget resulting from less being spent in local and State law enforcement? Because there is, despite the fact that your assignment is Federal law, there is certainly an overlap in many cases, where local law enforcement takes part of that duty.

Mr. SESSIONS. Senator, I don't keep track of that but I'll say this that there are some areas where our responsibility is driven by what is spent locally.

For instance—it may have been before you came in—we were discussing the automated fingerprint identification systems earlier. The 19 State systems that existed when I became Director as opposed to the 33 that exist now are all multimillion dollar facilities. Our responsibility to respond to that is such that, if we did not, it would be like the Studebaker wagon sitting there with a bunch of cars driving around it, because these States with the automated systems simply would not and could not reasonably utilize the FBI's or other State's tremendous resources, nor could they use the information held by other States.

There were 30 million criminal fingerprint cards that ultimately could have been absolutely worthless because they did not respond to the local needs. So there's a lot of it driven locally where money is placed in those types of systems for which we must either respond or abdicate leadership.

Now in other areas, in training, it is critical. And you know that the National Academy at Quantico handles a great load of training for locals. That's part of our mandate from the Congress. We follow it, and we utilize it. But that is responsive not just to existing money but the money that is needed under the Congress' perception of the FBI's responsibility nationally.

PERCEPTION OF AUTOMOBILE THEFT

Senator **LAUTENBERG**. I want to get on to a topic perhaps less esoteric or global—maybe it is global—than some of the others, but it's auto theft. Between 1985 and 1989 auto theft has increased 42 percent, over 1.5 million vehicles annually with, I think, a value of about $8 billion. Now the problem is particularly serious in my part of the country and in my State, New Jersey.

Do you see auto theft as a serious national problem?

Mr. **SESSIONS**. I most certainly do. I don't mean to give a long answer to a short question but I will say this—in 1970, when I was U.S. attorney, and I was there during the time when the FBI changed its priority in connection with direct cases, that is, auto theft cases it became one that exists to this day, a priority. The FBI's efforts are directed at organizations that deal in those gangs that are involved in it.

I was shocked when I found in Texas last week that there are, in the major metropolitan areas, tremendous losses. I talked with the mayor of El Paso about her concerns. We do everything we can to cooperate with local law enforcement. But it is a very difficult problem. We do fully participate when there's an indication of a gang operation.

Senator **LAUTENBERG**. You know there's an export business that goes on in stolen autos of fair significance. Has the Bureau been putting——

Senator **RUDMAN**. Those are the only cars that we're exporting actually. [Laughter.]

Senator **LAUTENBERG**. The ones we import, we export. They should just leave them there, right? [Laughter.]

Get a user fee. [Laughter.]

The chairman said something about those criminals that come out of the political sector. It was refreshing, over the past couple years, to see the leaders of Greece and Poland come in here and to meet politicians who had been in jail before they were in government; a different twist. [Laughter.]

Has the Bureau been putting more resources into auto theft and investigations?

Mr. **SESSIONS**. I could give you the specifics. I do not know that we've been putting more resources, but we have, under our objectives, responded fully when there are allegations involving the gang operations in connection with motor theft. I'll give you the specific figures so we can compare it because I do not know at the moment.

[The information follows:]

MOTOR VEHICLE THEFT

The number of agents devoted to the interstate theft subprogram (ITS) in general, and the investigation of motor vehicle theft in particular, has been declining slightly over the past few years. The agent positions used in motor vehicle theft investigations dropped from 98 positions in 1989, to 96 positions in 1990, and is currently at 95 agents in 1991. This reflects the funded level of agents in the ITS, which has also fallen during this period, from 501 in 1989, to 491 in 1990, and 467 in 1991.

NEW ANTITHEFT PROGRAMS

Senator LAUTENBERG. I don't know whether there's any new programs or initiatives developed by the Bureau in that connection, but New York City developed an innovative program a few years ago to combat auto theft.

Vehicle owners sign a consent form stating that their cars are not normally driven between the hours of 1 a.m. and 5 a.m. and they get a sticker to put on their car. Then, if a law enforcement officer sees it, there is apparently a conformity law that enables them to stop this vehicle and the results have been pretty dramatic and with very few participating vehicles—those with the decal—having been stolen. Many other cities are adopting similar programs.

Are you familiar with that——

Mr. SESSIONS. I'm not familiar with it except that I have heard of it and it sounds to me like it's a reasonable program that will help property owners participate with police and with law enforcement people in protecting their property. It seems to me to be very sound.

Senator LAUTENBERG. Well one of the things—apparently the results have been very good and one of the things I'm concerned about as other cities adopt these, that we'll see a plethora of these stickers all over the place. And I think that it would be helpful if someone stole a car in New York City, drove it to New Jersey, if a New Jersey police officer saw it and could help—just ask the right questions and maybe catch the culprit.

Do you have any thoughts? Might you have an idea about a proposal that I have to have a national program of that type—so that there's a uniformity and if someone steals a vehicle in Washington, DC, and they're in Maryland or they're in Virginia, that a police officer knows that this vehicle is not to be operated at those hours and we'd get some standard as opposed to having these different meaningless decals being placed on the car to identify it.

Mr. SESSIONS. I would be very interested in seeing a proposal, and I'm sure the Department of Justice would be delighted to provide my comments.

In response to your earlier question one of my staff reminded me that last year the NCIC, that is, the National Crime Information Center, facilitated the recovery of between $1.5 billion and $2 billion in stolen motor vehicles.

As to the funding for fiscal year 1991, the interstate theft subprogram has 467 special agents allocated to it. So, there's a tremendous effort that is made there. But I'll provide you the other information you requested.

Senator LAUTENBERG. Appreciate it.

Under Federal law, auto manufacturers have to place labels with identification numbers on certain components of the cars that have been designated as high theft. Do you know whether the FBI has found these labels useful in investigating auto theft cases?

Mr. SESSIONS. I do not know specifically, but I would suggest that if anything it does help identify—particularly, where vehicles are chopped up. But the more permanent the nature of the identification, that is, a stamping, a metal stamping as opposed to a decal would be, of course, more beneficial. But I do not know anything about the cost of those things to the industry.

Senator LAUTENBERG. Well, Mr. Chairman, I was on the Commerce Committee with you one time when we reviewed the possibility of die stamping parts, significant parts in automobiles, that could help trace them in the event of a theft. Well we had a battle on our hands that time from representatives of the manufacturing States because the labeling would have cost something like $15 a car and they were concerned about driving up the costs. Well, that was—it was an insignificant cost for a very significant opportunity and I'm glad to see that at least we're moving in that direction.

I thank you very much, Mr. Sessions.

Mr. SESSIONS. Thank you, Senator.

Senator HOLLINGS. Thank you, Senator.

Senator Gramm.

PRIORITY REQUESTS

Senator GRAMM. Thank you, Mr. Chairman.

I'd just like to say to Judge Sessions that I'm proud of the fact that our committee has fully funded the FBI in the last 2 years—I could say that since I became a member of this subcommittee we broke a 4-year pattern of underfunding the FBI and provided full funding. But the truth is that everybody on this subcommittee strongly supports what you're doing.

You do have a large budget increase request in for the President's budget and I'd like to get a burst transmission on why this funding is important. I intend to vote for full funding, and if we have to cut other things to provide it, I think we should. I think the American people support what you're doing and if they were able to allocate the money you would get the full $2.02 billion. I guess the secret to good legislating is to find out what the people want and then give Congress a chance to vote on it.

But why don't you give us, Judge, just a burst transmission on why you need this big increase in your budget?

Mr. SESSIONS. First of all, I appreciate the support I've gotten. There are two things that are key to it: first of all, is responsiveness to what is actually happening. Those support increases of 487 total positions in fingerprint identification, you know about the justification for those and the necessity of a response. The 347 total positions in white-collar crime, you know fully how they're to be utilized and the necessity of it. The 64 total positions requested in drugs and the 165 positions requested in organized crime drug enforcement task forces [OCDETF], the justification and the necessity of those is obvious. The organized crime agents and the utilization of those particularly, in connection with emerging concerns under the strategy of the Department of Justice, with the gangs as well as with the Asian crime, are things that are absolutely essential to us.

A major portion of the increase the 10.3 percent is actually to the base, Senator. You know that we could not continue to take away from programs, and particularly equipment and technical programs, in order to be able to fund what was necessary to be able to hold on to our agents and to do those things which would fund the authorization that the Congress gave.

I noted the full amount in my statement. I think you intended for us to be able to, on a continuing basis, fund that without absolutely stripping our system down to the raw bone. And 10.3 percent of that comes from adjustments to base. Part of it is actually 9.1 percent, well, 8.4 percent plus the other absorption.

So it seems to me that when we're talking about percentages, we're talking about programs that are essential, that are responsive to what the Congress of the United States has said we need to be doing and are required to be doing. So that we're not simply picking things out of the air and saying, "Well, we'll go with this priority now. These are responsive to the congressional leadership."

Senator GRAMM. Thank you, Judge.

Thank you, Mr. Chairman.

HEARTLAND PROGRAM

Senator HOLLINGS. Thank you.

Judge Sessions, perhaps Mr. Clarke could help us on this one. Judge Bonner testified earlier that in the heartland strategy—within the Organized Crime Drug Enforcement Program request—51 of the 118 new agent positions for the FBI would be assigned to rural areas.

They're very metropolitan in those places—[indicating]—but South Carolina is a very rural area; are you looking at adding some there? Have you looked at this with Judge Bonner, are you coordinating with him?

Mr. SESSIONS. Absolutely.

Senator HOLLINGS. Fifty-one to rural areas, that's, you know, the entire country, that's going to be difficult.

Mr. SESSIONS. If I may comment on that, and then Mr. Clarke may add to it.

From the moment I became Director, in meeting with U.S. attorneys, meeting with the organized crime drug enforcement task force people, the first cry I heard was you're going to major cities, major centers under your strategy; we understand that. How do we deal with it out in Iowa and Nebraska and Kansas?

My answer then was the same, Senator, as it is now: that is, whenever a U.S. attorney and a special agent in charge of a field office can agree that a particular target, a particular organization, is worthy of attack and is compatible with our national drug strategy, we will do it. And we have consistently done it.

My belief is that in the organized crime drug enforcement task force concept—which we adopt—that our ability to respond to the needs all over the country, which are uniformly very heavy, that we are able to say, yes, we will contribute. And those agents, every one of them, and I brought the breakdown on where we anticipate putting them, is absolutely essential.

What does happen is U.S. attorneys or knowledgeable people will look in a field office and say, "Well you have 85 agents there, why don't you shift those over to drugs?" When in actuality maybe only four of them, or five of them, will have drug investigative responsibility. The answer is we have so many programs that demand the production of time and resources that all agents in an office cannot be utilized for drug investigations.

So what we have done with the organized crime drug enforcement task forces concept is to create what we call a heartland strategy that will more effectively respond to the needs around the country, especially those in the rural areas. They will be supplemental to the agents that are already in those offices.

So the concept to me is important. The Drug Enforcement Administration is the lead drug enforcement agency in the country; we recognize that. They participate with us in OCDETF. And our strong participation and the very careful coordination with Judge Bonner is absolutely essential to us.

Now Mr. Clarke may have a specific answer to something further that you asked, but that's the concept.

Mr. CLARKE. No; only to elaborate a little in terms of the coverage provided by Federal law enforcement. In 1982, when the FBI was given concurrent jurisdiction on drugs, there was coincidental restructuring of DEA, which changed their structure from a regional concept. As a matter of fact, they closed some of their field offices and consolidated their resources in major cities. This pulled them out of some of these outlying areas. With the FBI's 400-plus resident agencies, we have a broader coverage around the country.

However, as the Director mentioned, with these 270-plus responsibilities, those agents are out there for things other than drugs. When the local law enforcement and U.S. attorneys are looking for Federal assistance, they see FBI agents because there and no DEA agents. They're looking for help to work drug cases at the Federal level.

With our national strategy and the focused responsibility that the FBI has in dealing with these major organizations, we were finding that we could have used every single agent that we have to work drugs; the demand on our personnel was just continuing to escalate. And so we tried to keep our area of responsibility focused.

This is to help give us some additional agents in these outlying areas. We're not going to be opening any new offices, but augment the offices that are already there so that we can be that responsive.

LAW ENFORCEMENT TRAINING FACILITIES

Senator HOLLINGS. Very good.

Judge, on April 8, OMB informed us that based on DEA, FBI, State, and local training estimates contained in the 1992 President's request it has become clear that there is not a space shortage at Quantico which would necessitate additional construction at this time.

Do you agree with this assessment?

Mr. SESSIONS. The assessment was based upon their view of the agents that will actually be going through.

Senator HOLLINGS. How about your own projections now?

Mr. SESSIONS. My own projections are that when we look at—and by the way I brought a file that does have that breakdown for you so that you will have it at hand—that projection is that it will be consistently over 100 percent of the capability of the facility at Quantico. We will be over 100 percent with DEA basic agent training and the FBI new agent training consistently in 1992, 1993, 1994, 1995, and 1996. Now you can see from the chart——

Senator RUDMAN. We have it. Your staff furnished it to us.

Mr. SESSIONS. You have the chart.

You know that what has to happen, Senator and Mr. Chairman, is that, if you do not have an enhanced facility, you will have to cut back the training in some areas.

Senator HOLLINGS. That's what I had in mind.

Mr. SESSIONS. Our mandate, our responsibility under the laws of the Congress is to have the local training—which is absolutely essential—under the National Academy, under all those services that we call the PLET, that is the Priority Law Enforcement Training.

If you look at those, you will see that the PLET—including the National Academy—let's just take the year 1992. The in-service training—that is, the constant retraining of our agents in the FBI takes 21 percent. We cannot stop that. We cannot go without it. And it is much less expensive at the Academy.

Senator RUDMAN. I get the sense, Mr. Chairman, as I look at that letter which we discussed previously, that the OMB letter was probably written largely in response to another letter that had come from Members of the Senate concerning setting up an entire new facility in another State—I will be diplomatic—on a base which is now on the close list. I think that may have been a response to that letter rather than a response that was more broad in nature. There are no numbers that anybody has that indicates that letter is valid. And we have told them that.

Mr. SESSIONS. What I would hope, Senator Rudman and Mr. Chairman, is that you will study the chart very carefully. Because those areas for in-service training and for the National Academy—which is 1,000 law enforcement officers around the country—where there are 12,000 some odd applications that are pending for that, people that are begging to come in from local law enforcement to have that training——

Senator RUDMAN. We don't have to study it very carefully, Judge, it's pretty darn clear. The only thing I'm going to tell your chartmakers is, we're more familiar up here on the Hill—usually when things are bad we like them in red. [Laughter.]

Mr. SESSIONS. Mine's in red.

Senator HOLLINGS. Your projection, Judge Sessions, as I see it, the administration projected 41,250 for State and local training and you projected 55,000.

Mr. SESSIONS. The National Academy—we had cut back in 1985 and brought it back up in 1987 simply because DEA became part of our training program. The National Academy and the essential nature of that, I think, is very important. Because either we carry out the responsibility that Congress gave us in the 1968 Safe Streets and Crime Act or we don't. And if we drop that responsibility or when we reduce it, what we do is reduce the professionalism of local law enforcement.

Senator HOLLINGS. Will you tell that to the OMB? Because that's you're difference, 41,250 student training days, that they have down there and you projected 55,000.

Mr. SESSIONS. I try to do my best to tell it, Senator. Sometimes I'm effective and sometimes I'm not. But it is critically important to us.

Senator HOLLINGS. And with respect to the colocation with the FBI at Quantico for the DEA rather than Glynco, do you agree with Judge Bonner on that?

Mr. SESSIONS. You'll forgive me, Mr. Chairman, I was for a moment listening to Mr. Clarke. Will you restate that for me?

Senator HOLLINGS. Yeah. Judge Bonner said the DEA should continue to be colocated with the FBI at Quantico and not move to Glynco—you know, Treasury wanted to move it down there.

Mr. SESSIONS. There are tremendous benefits that are obtained by keeping DEA at Quantico if we can. The colocation of staff, the facility that is there, the access to FBI and DEA headquarters here in Washington is absolutely essential. And we have committed unqualifiedly to continuing training of their basic agents. It is important to DEA and I think it's sound.

ADDITIONAL COMMITTEE QUESTIONS

Senator HOLLINGS. We will be submitting some additional questions for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR ERNEST F. HOLLINGS

Organized Crime

QUESTION: As part of its budget justification, the FBI is proposing to increase its efforts to combat Asian Organized Crime (AOC) groups by 20 agent positions, 12 general support, 5 Organized Crime Information System (OCIS) analysts, 6 Title III monitor positions, and $2,939,000.

To penetrate close knit, secretive organizations, such as the La Cosa Nostra (LCN) and the AOC groups, the FBI uses a variety of investigative techniques, including court-ordered electronic intercepts, undercover operations, extensive physical surveillance, and cooperating witnesses, which have proven over the years to be resource intensive. The FBI recognizes that AOC groups are a rapidly growing threat. The FBI also reports that 17 of its field offices have experienced significant AOC problems in their areas.

What are the problems, if any, the FBI is encountering in hiring Asian minorities and how are these problems being minimized?

ANSWER: On August 21, 1990, FBI representatives testified before an open session of the Senate Judiciary Committee on Southeast Asian Heroin Trafficking and Asian Organized Crime. Chairman Biden expressed concern about the emerging Asian Organized Crime groups and the challenges the FBI faces in the 1990s.

During the session, Senator Biden expressed concern about the need for adequate numbers of Asian-American special agents (SA) to address the problem, and inquired about the FBI initiatives to increase the number of Asian-American SAs.

The FBI has undertaken a variety of initiatives to increase the Asian-American SA population. Among these efforts are:

1. Minority Speakers Bureau - This is composed of minority SAs who attend and represent the FBI at certain keynote events held by minority associations including Asian-American organizations;

2. Regional Recruiting SAs - This program was initiated to create a professional college-relations presence to aid FBI recruitment efforts. A central focus of these efforts is to locate and recruit minority applicants at institutions of higher education;

3. Conferences - The FBI conducts various conferences, seminars, and workshops to provide the nationwide recruitment staff with information on minority recruitment policies, concepts, procedures, techniques, and resources;

4. Recruitment Video - This video emphasizes the FBI's role as an equal opportunity/affirmative action employer seeking qualified candidates;

5. Honors Internship Program - This program has shifted its recruiting emphasis to minority students; and

6. Targeted Advertisements - The FBI has contracted a full-time advertising firm to develop advertising materials for minority audiences.

The FBI has 137 Asian-American SAs on-board. These include individuals of Chinese, Japanese, Korean, Vietnamese and Filipino ancestry. Their assignments include investigative matters within the Organized Crime, White-Collar Crime, Violent Crime and Major Offender, and Drugs Programs.

With the aforementioned recruitment programs already in place, the FBI has increased its efforts to hire additional qualified Asian-Americans not only for SA jobs, but also for language specialist, contract linguist, and analyst positions. Recent FBI successes in combatting Asian Organized Crime have broken down many social and cultural barriers inhibiting Asian-Americans from seeking employment with the FBI. Because many of the above described initiatives are new, however, the FBI does not yet have adequate data to assess the success of its recruitment efforts.

QUESTION: What mix of Asian minorities, or individuals with proficiency in Asian languages and cultures, will be hired to fill the requested agent, general support, OCIS analyst, and Title III monitor positions?

ANSWER: The primary Asian Organized Crime groups warranting investigative attention at this time are the Chinese Triads, the Japanese Boryokudan, the criminally-influenced Chinese Tongs and subordinate Chinese/Vietnamese street gangs. Investigations of these groups thus will entail hiring Asian-Americans or others with proficiency in the following languages:

1. Chinese/Cantonese
2. Chinese/Mandarin
3. Vietnamese
4. Korean
5. Japanese
6. Other Chinese dialects (e.g., Toishan, Chiu Chow, Hakka)
7. Tagalog
8. Cambodian
9. Laotian

The FBI does not have a specific breakdown of how many personnel it will hire for each language. Chinese/Cantonese, as indicated by its ranking is the most important language in conducting Asian Organized Crime investigations. However, the FBI will hire quality personnel with any of these language skills to support its law enforcement efforts.

QUESTION: Considering that the investigative techniques necessary to be successful against organized crime have proven to be resource intensive, how does the FBI propose to

allocate these 20 new agent positions among the 17 field offices which have reported significant AOC problems?

ANSWER: In 1992, the FBI will allocate the 20 new SA positions to those offices with the most significant Asian Organized Crime problem as delineated in the Department's Organized Crime National Strategy. These offices include Chicago, Los Angeles, New York and San Francisco.

Drugs

QUESTION: Drug trafficking is considered to be one of the most critical crime problems facing the United States today, one which a presidential directive called a threat to national security. To enhance its Drugs Program, the FBI is requesting an increase of 32 agent positions, 21 general support positions, 11 specialty support positions, and nonpersonnel increases of $1,580,000. Ten of the 32 agent positions, six of the 21 general support positions, and $954,000 are being requested to continue participation in the establishment of Joint Drug Intelligence Groups.

During fiscal year 1991, the FBI increased the number of agents working in the drug area by about 100 agents. The number of investigative matters closed, however, has decreased each of the last two years, from 7,649 to 7,035 between 1989 and 1990 and from 7,035 to 6,975 from 1990 to 1991. The FBI estimates that it will complete 7,550 investigative matters in 1992.

Are drug investigations the FBI's top priority? How does the FBI plan to complete 575 more investigative matters in fiscal year 1992 considering the number completed decreased in 1991 after adding about 100 more agents? Is the FBI going to reprogram agent positions from its other areas into its Drugs Program?

ANSWER: The Drugs Program is one of the FBI's top six criminal investigative programs. Each individual field office ranks its investigative priorities by the most pressing crime problem in their its. Therefore, in some field offices, such as Miami, the Drugs Program is ranked as the top investigative priority, but in other offices the Drugs Program is not ranked as high. An example is Dallas, where the savings and loan crisis overshadows the drug crime problem. Additionally, it is important to note that the overall investigative priority within each field office is subject to change at any given time, depending upon which crime problem is the greatest.

The projected number of investigative matters closed during 1991 decreased from 1990 because the FBI has decreased the number of agents working drug matters to bring the actual number of agents utilized closer to the funded level. Furthermore, FBI drug investigations are long-term and the additional funded agent positions added in 1991 would not immediately result in the closing of an increased number of investigative matters. It is anticipated that some of the new investigations begun in 1990 would be completed during 1992, thereby increasing the number closed.

In previous years, the FBI has reprogrammed substantial numbers of agents to the Drugs Program. For example, the FBI reprogrammed 125 agents to the Drugs Program in 1990. The objective of the 1991 President's Budget was to provide additional agent resources to alleviate the need for such reprogrammings. The FBI has no plans to reprogram agent positions from its other investigative programs into the Drugs Program. Starting in 1990, the FBI made a concerted effort to utilize only the resources specifically funded for the drug effort and not divert other programs' resources into the Drugs Program.

QUESTION: The FBI's National Drug Strategy recognized high intensity drug trafficking in Houston, Los Angeles, Miami, and New York City, as well as along the southwest border of the United States. Currently, the FBI has two Joint Drug Intelligence Groups established, one in Miami and one in Chicago, with a base of 10 agents assigned. The request for the 10 agent positions in the 1992 budget would be to create additional groups in the New York and San Diego field offices.

Why was a Joint Drug Intelligence Group established in Chicago when Chicago was not identified as one of the high intensity drug trafficking areas? Why isn't the FBI considering establishing a Joint Drug Intelligence Group in Los Angeles and/or Houston?

ANSWER: The FBI created a Joint Drug Intelligence Group (JDIG) in Chicago prior to the establishment of High Intensity Drug Trafficking Areas (HIDTAs) due to the significant drug problem and the organizational links between major Colombian/South American and Mexican drug trafficking groups with Chicago-based distributors.

The FBI is planning on establishing JDIG's in Houston and Los Angeles. Additionally, the FBI's JDIG concept has been transformed to Regional Drug Intelligence Squads (RDIS). At this point, it is planned that the FBI will have eight centralized RDISs coordinating and handling the drug intelligence within specific regions of the country. The RDIS regions are as follows: Florida/Caribbean Region; Gulf Coast Region; Mid-Atlantic Region; Midwest Region; Northeast Region; Southeast Region; Southwest Border Region; and the West Coast/Pacific Region. This concept is currently under review by Department managers.

QUESTION: In January 1989, as part of a pilot program, the FBI established 12 Forfeiture and Asset Seizure Teams (FAST) in selected field offices. Last year's budget documents indicated that these teams were expected to increase the number of seizures by 90 percent by 1991. Forfeiture of assets has been recognized as an effective weapon against drug trafficking organizations. There is no mention of these teams in the 1992 budget justification for the FBI's Drugs Program.

What have been the accomplishments of the FBI's forfeiture and assets seizure program over the last five years?

ANSWER: In the last five years, FBI forfeiture activities have been extremely successful. Pending seizures increased in value from $12,299,901 at the end of 1985 to approximately $966,601,000 as of July 1, 1991.

QUESTION: To what extent has the establishment of the FASTs contributed to increasing the number of value of seizures, relative to achieving the goal of increasing the number of seizures by 90 percent by 1991?

ANSWER: The establishment of FASTs contributed significantly to the FBI's goal of increasing seizures by 90 percent. FAST offices account for approximately 72 percent of the FBI's pending forfeiture matters. Without FAST, offices would not have resources available to assist case agents in the identification and subsequent forfeiture of property. FAST provides a mechanism for the dedication of forfeiture-specific resources to major complex investigations.

QUESTION: **Are there plans for additional FASTs this year? If so, where do you expect to establish the teams, how much more do you expect seizures to increase, and from where will the positions and funding come to establish them? If no additional teams are to be established this year, why not? Were they not successful in increasing seizures?**

ANSWER: There is no mention of FASTs in the 1992 budget justification for the FBI's Drugs program because resources are requested in the White-Collar Crime (WCC) Program. FASTs have been established in the 14 major areas which investigate drug violations consistent with the FBI's National Drug Strategy. Future FASTs will be established in areas which are experiencing significant increases in WCC matters. No new FASTs have been established since 1989; however, the FBI plans to implement FASTs in Atlanta, Dallas, Denver, Detroit, New Orleans and Oklahoma City prior to 1993. As an indication of the success of the FAST approach, between January 1, 1991 and March 1, 1991, FAST was implemented on a temporary basis in one field office. During that period, this dedication of resources resulted in the identification of property valued in excess of $125 million.

Included in the 1992 request are 50 investigative forfeiture analysts to permit the FBI to utilize new forfeiture provisions contained in legislation expanding the predicate offenses of the money laundering statute. It is the goal of the FBI to implement FASTs in as many offices as possible. The dedication of these resources is cost effective. Each team has the potential for generating millions of dollars each year from forfeited property.

White-Collar Crime

QUESTION: White-collar crime investigations are often difficult to prove; consequently, covert and sophisticated

investigative techniques are used where necessary and appropriate. For its White-Collar Crime Program in fiscal year 1992, the FBI is requesting a total enhancement of 171 agent positions, 163 general support positions, 13 special support positions and $29,941,000.

Epidemic bank and savings and loan failures, one of the areas within the FBI's white-collar crime program, are among the most significant problems facing the United States today. According to an August 1990 Wall Street Journal article, the FBI's Los Angeles Field Office does not have enough agents to investigate financial fraud allegations involving losses of less than $250,000. The Special Agent in Charge of that office is quoted as saying that he simply does not have the experienced agents to put on financial fraud cases.

Of the 171 agent positions being requested, 125 positions (about 80 percent) are being requested for the bank fraud and embezzlement area. Is the FBI planning to recruit individuals with experiences and backgrounds more suitable to these types of investigations? How are these 125 positions to be allocated among the FBI's field offices and within headquarters? Please explain the basis for making these allocations.

ANSWER: The positions being requested in the area of bank fraud and embezzlement, as with previously received enhancements, will be allocated to FBI field offices having the most acute needs in financial institution fraud matters. The FBI is in the process of transferring agents to those offices. These transfers consist of experienced white-collar crime agents and new agents with backgrounds in accounting, banking, business or finance.

As part of the Crime Control Act of 1990, the Attorney General is required to compile and report to Congress, on a monthly basis, specific data relative to financial institution fraud. To facilitate the timely and accurate reporting of this data by the Attorney General, the FBI has established a tracking system to gather financial institution fraud statistics. The statistical data gathered as a result of this tracking system will enable the FBI to direct all requested resources to FBI field offices having the most acute needs in financial institution fraud, placing emphasis on major cases and task force priorities.

QUESTION: Of the 163 general support positions being requested, 83 (about 50 percent) are being requested for the bank fraud and embezzlement area. We understand that there is a critical shortage of support staff within the FBI, both at the headquarters level and in the field offices. Is this sufficient support staffing to handle the potential increase given the number of agents the FBI is planning to add to this program area? How are these 83 positions to be allocated among the FBI's field offices and within headquarters? Please explain the basis for making these allocations?

ANSWER: When general support positions (excluding Special Support) are requested through the budget process, a ratio is used to calculate the number of general support positions required to support the enhancement requests for Special Agent positions. This ratio historically has been .65 support for every agent. The requested general support enhancements of 83 represents this ratio. As with the Special Agents resources requested and the enhancements received through the budget process, the general support positions will be directed toward the FBI field offices having the most acute needs in financial institution fraud matters. None of the requested support positions will be assigned to headquarters.

QUESTION: The FBI estimates that they will complete about 850 fewer investigative matters in 1990 than they completed in 1989. Please explain how the FBI plans to complete about 5,700 more investigative matters in 1991 and about another 6,500 more 1992, for a total increase of about 12,200 investigative matters being completed between 1990 to 1992?

ANSWER: The FBI reports its achievements and workload data as a reflection of program accomplishments on a pro rata basis. It is calculated on an agent-per-matter basis, and additional agents should be able to investigate that number of increased matters.

The 1989 column of the White-Collar Crime accomplishments and workload chart represents end of year actual workload accomplishments. The 1990 column represents a projection of 1990 accomplishments based on actual data as of July, 31, 1990. The 1991 and 1992 estimates reflected under the "Investigative Matters" caption were derived by taking the actual statistics available in each category and dividing by the actual workyears utilized by the program to obtain the percentage of workload per workyear. This percentage was then multiplied by the anticipated workyears that would be obtained through the budget process to get the estimated workload. Note: If the requested enhancements are reduced, then the estimated workload figures should be similarly reduced.

Other Field Programs

QUESTION: What does the State Department tell you is the likelihood of implementing various treaties, such as the Strategic Arms Reduction Treaty?

ANSWER: The 1992 budget contains funding for three new arms control initiatives: the Threshold Test Ban Treaty (TTBT), Strategic Arms Reduction Treaty (START), and Chemical Weapons Accord. As of this date, only the TTBT has been ratified; verification activities will begin in the United States in the summer of 1991. The FBI's resource requirements for this treaty are unchanged from the request level.

Questions regarding the status of treaties such as these and their likely implementation involve serious issues of international diplomacy and foreign policy. The Department of State, as the President's principal agency with respect to foreign policy, is the more appropriate agency to address this question.

International Terrorism

QUESTION: In the FY 1991 Emergency Supplemental, you were provided $4,633,000 to cover emergency costs associated with the terrorist threat resulting from "Operation Desert Storm" through March 31, 1991. Will this amount cover the costs the FBI has incurred as a result of the conflict in the Middle East?

ANSWER: Yes, the $4.6 million supplemental appropriation is the amount necessary to cover the costs the FBI incurred as a result of the increased investigative activity associated with the terrorist threat resulting from Desert Storm related matters through March 31, 1991.

QUESTION: Now that Operation Desert Storm has ended, do you foresee a decline in the threat of terrorism which accompanied hostilities in the Gulf?

ANSWER: The FBI projects that this terrorist threat will continue for an approximate two to four year period. Although it is not anticipated that the levels of FBI investigative activity will continue at the current enhanced level for that entire period of time, it is expected they will remain at a heightened level well into fiscal year 1992.

Digital Telecommunications

QUESTION: There has been a great deal of talk of the impact the development of digital telecommunications will have on the mission of the FBI. On April 17, 1991, the New York Times had an article which illustrated the impact this development would have on various undercover operations. Could you please elaborate on the impact digital telecommunications will have on the FBI's mission?

ANSWER: The emerging digital telecommunications technologies will have a significant impact on the FBI's use of electronic surveillance techniques. Electronic surveillance is a critically important investigative technique that is used, with court approval, in virtually all major criminal and counterintelligence investigations conducted by the FBI. To date, these interceptions have involved analog technology which has been employed by the communications industry for over 50 years. The world is now experiencing a technology explosion which dictates a rapid transition from analog to digital technology in the telecommunications industry. While maintaining present intercept capabilities for the life of analog technology, it is essential that the FBI, acting for itself and other law enforcement/intelligence agencies, prepare for the coming world-wide digital telecommunications environment. Failure to do so will create world-wide series of protected communications enclaves where illicit activity can be pursued with impunity by criminal and intelligence adversaries.

QUESTION: What kind of fiscal impact does this matter have on your research and development budget?

ANSWER: In March 1991, the FBI conducted a technology review of the emerging telecommunications systems that are being proposed by industry for the 1990's. A first order estimate of the costs to the FBI for developing and implementing electronic surveillance capabilities for these technologies is $240 to $405 million over a 10-year period, of which approximately $80 million would be for research and development and the remainder for technology implementation and equipment acquisition. The FBI's criminal research and development budget is currently $5.5 million per year. The fiscal scope of the digital telecommunications initiative far exceeds the research and development resources available to the FBI.

Secret Service/FBI Concurrent Jurisdiction

QUESTION: In the last congress, the Secret Service was provided concurrent jurisdiction with the FBI in financial fraud investigations. I understand the Secret Service was to dedicate 100 agents immediately to these cases.

How is this arrangement working out? Has the Secret Service provided the promised agents? Are they cooperating with you?

ANSWER: Since the enactment of the Treasury, Postal Service and General Government Appropriations Act of 1990 giving the U.S. Secret Service (USSS) concurrent jurisdiction in financial institution fraud matters, the FBI has been working at both the headquarters and the field level with the Special Counsel to the Deputy Attorney General for Financial Institution Fraud, United States Attorneys and the USSS to assimilate available USSS resources into existing financial institution fraud and failure investigations. At the request of the USSS, the FBI has provided training for approximately 100 USSS Agents in the investigation of financial institution fraud and failure matters.

On March 1, 1991, the Attorney General delegated to the Director of the FBI his authority to accept the services of law enforcement personnel (including the USSS) and to coordinate the activities of such law enforcement personnel in the performance of any investigation and prosecution described in the Treasury, Postal Service and General Government Appropriations Act involving financial institution fraud matters. There have been some investigative coordination problems. However, these problems have been resolved for the most part and the FBI is continuing to work with the USSS to establish a protocol for the assimilation of available USSS resources into these investigations.

The USSS has reported that there are approximately 91 agents that are available for and/or assigned to investigate financial institution fraud (FIF) matters. A survey of FBI field offices as of May 17, 1991 indicated there were 143 FIF cases under investigation by the USSS.

QUESTION: Do you support this concurrent jurisdiction arrangement? Can you comment on the impact expanding the jurisdiction of various treasury department agencies will have the FBI in carrying out its mission?

ANSWER: Since the USSS has been given this jurisdiction by the Treasury, Postal Service and General Government Appropriations Act of 1991, the FBI has made every effort to provide training to the USSS in this type of investigation, to assure equal prioritization of cases between the USSS and the FBI, and provide a coordinated investigative effort.

It should be noted, however, that agencies are increasingly seeking to acquire various elements of law enforcement authority. The overlap created by numerous agencies having this authority is not only inefficient and duplicative, but will potentially seriously jeopardize on-going and future criminal investigations.

New Automobiles

QUESTION: You have requested $14 million for 922 new automobiles. What percentage of the mileage on FBI field office automobiles is related to the home-to-work mileage placed on the vehicles compared to the mileage related to investigative travel?

ANSWER: The FBI restricts those vehicles going home to allow for operational coverage in each field office. All vehicles going home are expressly authorized to enhance Emergency Response capabilities. The FBI does not capture mileage for those vehicles taken home for Emergency Response purposes. The Department of Justice reporting requirements include the total miles driven by the FBI.

QUESTION: Has the Seizure and Forfeiture Program had any appreciable effect on augmenting the FBI's automobile fleet? Or, have the vehicles seized by the FBI mainly been used for undercover purposes?

ANSWER: The FBI's Asset Forfeiture and Seizure Program has had a minimal effect on augmenting the automotive fleet. Previous policy allowed these vehicles to be utilized only for undercover investigations or specialized purposes. The FBI's current policy, effective June 10, 1991, allows for the placement of forfeiture vehicles into General Investigative (GIV) use. The FBI does not foresee these vehicles having a major impact on the GIV fleet. Strict guidelines have been established setting forth specific vehicles that can and cannot be placed into the general fleet. The number of vehicles meeting this criteria is minimal. The majority of forfeited vehicles will be utilized for undercover or specialized use. Major cost-savings using seized vehicles to replace covert rental vehicles is still a priority.

Fingerprint Cards

QUESTION: You have requested $12.5 million and 487 positions to eliminate the existing backlog of fingerprint cards and arrest dispositions and to automate 8.8 million manual criminal histories. How long will it take to eliminate the backlog and complete the conversion?

ANSWER: The FBI's current fingerprint card backlog is 766,918, and the disposition recording backlog is 2,384,630. The requested positions will allow the FBI to substantially reduce the workload backlogs in approximately two years after all 487 positions have been filled. The FBI's goal is to complete the automation of the 8.8 million manual records in five years.

QUESTION: Will these new positions be eliminated once the backlog is eliminated and the conversion takes place?

ANSWER: The number of personnel needed to operate the new automated system for fingerprint identification is not yet known; overall personnel staffing requirements will be better defined after the automation system design has been completed.

Hate Crimes

QUESTION: The U.S. Attorneys are seeking additional resources for the prosecution of hate crimes. Are FBI investigations of hate crimes increasing?

ANSWER: The Hate Crimes Statistics Act defines hate crimes as, "crimes that manifest evidence of prejudice based on race, religion, sexual orientation, or ethnicity." In FYs 1988, 1989, and 1990, the FBI recorded 125 convictions in Civil Rights matters, which represented a 105 percent increase over the 61 racial violence convictions recorded in FYs 1985, 1986, and 1987. A review of racial violence cases initiated in the FBI's Civil Rights Program reflects an increasing number in the last three fiscal years.

QUESTION: Will the FBI and the U.S. Attorneys coordinate the placement of these new attorney resources to match up with where the FBI investigations of Hate Crimes are occurring? Or, will FBI Hate Crime investigations be keyed to where U.S. Attorneys places its new resources?

ANSWER: The FBI investigates violations of Federal civil rights statutes wherever they occur.

Organizational Changes

QUESTION: Are there any major organizational changes under consideration in the Federal Bureau of Investigation (FBI) such as combining the Identification Division with the Technical Services Division, or resubordinating major elements of either division under the other?

ANSWER: At this time, the FBI is not considering any major organizational changes, generally, or changes that would either combine or subordinate major components of the Identification and Technical Services Divisions, in particular. The Identification and Technical Services Divisions continue to work closely together. The Interstate Identification Index, which is the responsibility of the Identification Division, uses the telecommunications network of the National Crime Information Center (NCIC) system, which is managed by the Techncial Services Division. Additionally, the divisions are working together on various aspects of the NCIC 2000 and Integrated Automated Fingerprint Identification System projects to address areas of common interest.

Relocation of FBI Programs to West Virginia

QUESTION: Other than the move of the Identification Division to West Virginia, are there plans to relocate any other major element of the FBI to this locality?

ANSWER: At this time, no decisions have been made by the FBI to relocate any organizational components other than the Identification Division to West Virginia. The size of the site acquired in West Virginia for the Identification Division is sufficient to accommodate future expansion and relocation, if necessary, of other FBI entities.

National Crime Information Center (NCIC) 2000

QUESTION: Will the NCIC 2000 system be able to make use of any existing NCIC equipment?

ANSWER: No, it is unlikely the redesigned NCIC will be able to make use of existing NCIC system equipment. Although the current NCIC system is functioning, it is unable to keep up with users' demands for increased utility because of its outmoded technology. It is not cost effective to add-on to the current system to implement some of the new requirements. The NCIC 2000 is designed to take advantage of current technology, such as fingerprint matching equipment, image processing and storage equipment. The existing equipment, however, will be utilized for approximately 3 more years to operate the old system while the new equipment is used for development and acceptance testing.

Fingerprint Identification System

QUESTION: Recently, the FBI upgraded the Fingerprint Identification System, spending close to $100 million. The

improved Automated Fingerprint Identification System is projected to cost $400 million. What is included that costs so much? Has there been a cost/benefit trade off?

ANSWER: The FBI spent approximately $82 million from 1967 through 1989 on automation of the finger-print identification process. This project was completed in phases and resulted in the conversion of an overall manual operation with almost 3,600 employees to an automated operation with less than 2,600 employees (currently authorized). Due to funding problems in the early 1980s, completion of the project was delayed from 1984-1985 to June 1989. Meanwhile, automated fingerprint identification was rapidly changing due to advanced technology. The FBI's system, because of the delays experienced, is now unable to communicate with more advanced State and local systems.

The proposed Integrated Automated Fingerprint Identification System (IAFIS) will consist of three interrelated subsystems -- the Image Transmission Network (ITN), the Automated Fingerprint Identification System (AFIS) and the Interstate Identification Index (III). The first subsystem, the ITN, will allow the FBI to accept contributor fingerprint submissions and other information electronically and process them from without printing on paper. Secondly, the AFIS will replace existing labor-intensive, ten-print and latent operations requiring NCIC classification of each fingerprint card with state-of-the-art technology that performs at the pattern-level of classification. An AFIS will provide capabilities that will result in higher rates of identification. The final subsystem, the III, will be used by Federal, State, and local law enforcement and criminal justice agencies to gain access to criminal history records. This subsystem will require upgrading to handle the increased volume of transactions and inquiries. Additionally, the feasibility of including digitized arrest photographs is being studied.

The resulting IAFIS will be the largest fingerprint identification system in the world, with the ability to communicate and interact with other law enforcement systems nationwide. The FBI is currently working closely with other Federal, State, and local law enforcement users to ensure that their needs are met.

The FBI has acquired the services of the MITRE Corporation to develop IAFIS concepts. Part of this process includes conducting a cost/benefit study for the proposed IAFIS. This study is due in June 1991.

QUESTIONS SUBMITTED BY SENATOR DALE BUMPERS

Drug Trafficking

QUESTION: Judge Sessions, in your testimony you note that domestic drug trafficking gangs are branching out to smaller cities and rural areas. Would you please elaborate on that development and describe what efforts are being made to

counter their efforts in non-urban areas? Please describe what efforts are being made to direct more of the FBI's resources to rural areas.

ANSWER: The FBI's role in drug law enforcement is to dismantle major multijurisdictional trafficking organizations through disruption of distribution activities, prosecution of core leadership and forfeiture of illegally obtained assets. Those organizations operate in much the same way as any large business. They establish their market share and span of control through the opening of many markets. Recently, we have seen that phenomenon with major domestic trafficking gangs such as the "Bloods" and "Crips." Their markets, which were once isolated in major cities such as Los Angeles and New York, have now spread to many smaller communities in the heartland of the United States. In order to fulfill its National Drug Strategy (NDS) obligations, the FBI must reach out and attack those groups wherever their branches lie.

Currently, the thrust of the FBI's counter drug trafficking effort is against those organizations operational in main (Level I and II cities) centers of importation and distribution. In 1991, over 40 percent of the FBI's drug enforcement effort will be directed toward those organizations that have established well-entrenched distribution branches in regional areas other than Level I and II cities. FBI initiatives such as the Regional Action Initiative will carry the FBI's NDS to Middle America.

Agents will be assigned to FBI offices in Level III and IV cities where they, along with other entities, State and local authorities, will pursue investigations which have a definable nexus to major multinational organizations.

Arizona v. Fulminante

QUESTION: In the recent case of Arizona v. Fulminante, the Supreme Court held that where a defendant has been convicted on the basis of an illegally obtained conviction, that conviction may stand if other evidence introduced in the case would have supported a conviction. In other words, there is no longer an irrebuttable presumption that a coerced confession is grounds for reversal. I don't like to see defendants who have admitted to a crime go free, but if an illegal confession is harmless error, doesn't this decision erode the Fifth Amendment rights of defendants? What does this mean for the FBI? Will it lead to any changes in policy or training?

ANSWER: The FBI currently seeks, through agent training and policy, to ensure that persons questioned regarding their criminal conduct by FBI Agents are fully apprised of and accorded their constitutional rights. Bureau policy requires careful record-keeping regarding the circumstances of custodial interrogations in order to achieve compliance with Constitutional requirements. The FBI's policy and training also address agents' responsibilities for the conduct of informants in gathering information for the

Government. Because these policies were already in place prior to the Supreme Court's decision in Arizona v. Fulminante, there is no present need to modify them. It is extremely unlikely that FBI Agents or other law enforcement officers will seek to "take advantage" of the Fulminante decision.

Financial Institution Fraud

QUESTION: The FBI intends to step-up efforts in the area of white-collar crime. In light of the magnitude of the savings and loan scandal, your request for more agents is understandable. You have sought an additional 125 agents and 93 support personnel to augment your effort against those involved in fraud in financial institutions. My question is: Is that enough? The problem seems to keep growing; how many more personnel would you need to give these investigations all the attention they need and conclude them as soon as possible?

ANSWER: The highest priority of all white-collar crime investigations conducted by the FBI is now assigned to financial institution fraud (FIF) matters. The FBI has undertaken an aggressive approach to the investigation of FIF matters through an extensive realignment of Agent resources from within the White-Collar Crime Program (WCCP), and through the resource enhancements supported by the Administration and appropriated by Congress. These resources have been dedicated to the highest priority FIF matters referred to the FBI for investigation. Tracking mechanisms allow the WCCP to very closely monitor, on a monthly basis, the number of cases and resources utilized to investigate FIF investigations.

FIF investigations are at the highest level since the crisis began. As of March 3, 1991, there were 706 failed financial institutions under investigation by the FBI. This represents an increase of 176, or 33 percent, from February 1990. Of those 706 investigations, 364 are savings and loans, 321 are banks, and 21 are credit unions. As of March 3, 1991, there were 3,926 cases under investigation where the loss or exposure was $100,000 or more.

Historically, the FBI has determined that approximately two agents are required for each investigation. Therefore, a total of 1,412 agents (706 times 2) would be necessary to address the present number of failed institutions. With the pending 1992 request to Congress of 125 agents and 83 support personnel, the FBI would have 1,111 special agents and 100 United States Secret Service Agents available to combat financial institution fraud. Therefore, to reach the goal of two agents per failed financial institution, the FBI would require an additional 201 agents. Additional resource requests in this area will be dependent upon the scope of the problem at that time. At present, there is no indication that the problem will decrease in the foreseeable future.

Housing and Urban Development Fraud

QUESTION: What is the status of your investigations of fraud in Housing and Urban Development (HUD) programs?

ANSWER: Fraud and corruption in connection with HUD-funded housing programs continues to be a national priority of the FBI's White-Collar Crime Program (WCCP). The Attorney General has pledged his full cooperation and assistance in the investigation and prosecution of fraud and corruption in connection with HUD programs. The FBI is aggressively pursuing HUD and related program fraud matters in virtually every judicial district in the U.S. These matters involve individual borrowers/owners, mortgage lenders, developers, Public Housing Authority officials, escrow agents, former HUD officials, and rental subsidy recipients.

HUD investigations in 1990 achieved 139 convictions, 201 indictments/informations, and $12.6 million in fines, recoveries and restitutions. Fines, recoveries and restitutions as a result of HUD investigations have increased from $1.9 million in 1985 to $12.6 million in 1990. As of April 1, 1991, there are approximately 500 HUD matters pending investigation.

In past years, the investigative efforts dealing with these frauds centered almost exclusively around HUD's Single Family Mortgage Insurance Program and the Department of Veterans Affairs (VAs) Home Loan Guaranty Program. However, today the FBI is detecting fraud and corruption in a variety of HUD programs not previously addressed. The following list identifies other problem areas based on the HUD-Office of Inspector General reports to Congress: The Coinsurance Program; the Title I Property Improvement and Manufactured Housing Program; Retirement Service Centers; the Title X Land Development Program; Multifamily Housing; Section 8 Discretionary Funding, and the Government National Mortgage Association. These investigations are complex, involving time-consuming inquiries which necessitate additional FBI resources to effectively address these crime problems. Increased resources for HUD investigations in the 1992 appropriations request total 20 special agent and 13 general support positions.

Technical Equipment

QUESTION: Judge Sessions, your description of the need to upgrade FBI electronic surveillance equipment to deal with the advent of digital telephone technology was convincing. Please elaborate on the need to upgrade equipment and improve the technologies available to agents conducting an investigation. I believe this is a worthy goal, but I hope you will provide a more detailed description of the basis of your $25.3 million request for upgrading technical operations.

ANSWER: The FBI's request for $25.3 million in its Technical Field Support and Equipment program consists of three major items: (1) digital telecommunications technology,

$5,886,000; (2) radio engineering, $5,468,000; and (3) replacement automobiles, $14,000,000.

(1) Digital Telecommunications: The telecommunications industry will probably change more dramatically in the next 10 years than it has in the previous 50 years. For the most part, the services offered has been wireline analog voice. However, the 1980s saw the emergence of cordless telephones, cellular telephones, as well as the proliferation of facsimile machines along with the promise of high-speed transmission of video, voice and data. The driving factors in these changes are twofold. The presence of computers and related digital technology has caused a transition into the information age and a need for timely and voluminous exchanges of information. This need is satisfied by the instant access to voice information and increasing emphasis on computer-prepared alphanumeric and image information. An additional factor in the emergence of new telecommunications services is the increased need for mobility that our society is experiencing. This is evidenced by the popularity of cordless and cellular phones, as well as paging devices. These factors are a key for the emergence in the 1990s of advanced telecommunications technologies including Integrated Services Digital Network (ISDN), Advanced Digital Cellular, and Personal Communications Networks (PCN). Each of these new telecommunications developments will present law enforcement organizations with new challenges in maintaining the ability to conduct court-approved interception of communications transmitted on these new telecommunications technologies. A brief description of these technologies and the ramifications on the Law Enforcement Organizations's electronic surveillance responsibilities is described as follows:

ISDN. ISDN, through the use of digital transmissions, will allow the subscriber to transmit voice, data and video simultaneously using the existing two wire loop now servicing the subscriber's premises. This service is expected to be utilized by nearly 3.7 million customers in 1994. Although this technology provides law enforcement, with proper court authorization, the potential of intercepting greater and varied types of information, the current electronic surveillance equipment does not have the technical capability to intercept these types of transmissions. Requested funding enhancements will be used to initiate development of software and hardware modifications the telephone companies central office switches to facilitate the interception of targeted ISDN transmissions.

Advanced Digital Cellular. Cellular telephones were introduced into the United States in 1983. Since that time, the use of cellular communications has grown to approximately 4.5 million subscribers. This is expected to increase by 70 percent per year until at least 1996. Advances in cellular include the use of digital cellular and the presence of a "seamless network" between cellular operating companies, much like the traditional wireline telephone system. Digital cellular technology will allow more subscribers and will preclude the interception of the radio frequency (RF) portion of the communication by existing RF intercept methods. The seamless network will allow initiation and reception of cellular telephone calls anywhere in the United States without the need to utilize "roaming numbers" and other methods currently used when traveling to areas outside of the subscriber's registered system. This enhancement will complicate current methods of intercepting cellular telephone transmissions. Requested funding enhancements will be used to initiate a feasibility study to address the surveillance problems associated with the "seamless" network.

PCN. PCN is based on the concept of connecting people, not telephones, and the ability to obtain telecommunication services anywhere, anytime. This concept of connecting people provides a technique that the calling party is not required to know where the individual they are trying to reach is located. Rather, they only need to know the individual's personal telephone number, and the PCN will employ personal communicators (wireless telephones) and an intelligent network utilizing satellites and micro-cellular based technologies to transport calls locally or to other geographic areas. PCN as a future network has not been defined yet. However, a recent independent study has constructed a market model which reflects 4 million subscribers 4 years after the start-up.

The mobile and ubiquitous nature of PCN will preclude the traditional type of telephone intercept. A successful intercept probably will occur in this environment through enhancements to the networks that are utilized by this technology. Requested funding enhancements will be used to initiate a feasibility study into intercepting PCN utilizing network-based solutions.

The criminal element has the same requirements for new telecommunications technologies as the rest of society and, as exemplified by their use of cellular telephones, will seek to exploit such technologies to their advantage. Mobility, and the need to rapidly transmit documents and other forms of information, coupled with adequate resources, has made these criminal entities consumers of the new technology. This has been evidenced by the marked increased use of cellular telephones and facsimile machines by targets of criminal investigations over the last 3 years. As the newer technologies come to fruition, it can be expected that they will naturally move to these forms of communication, leaving law enforcement unable to effectively investigate their illegal activities.

The FBI must undertake a major, multiyear initiative to address the impact of new telecommunications technologies on its investigative operations. The initial effort will focus on developing new techniques and equipment for conducting court-approved electronic surveillances. Additionally, the FBI will integrate digital technology within the framework of its technical operations to take advantage of the benefits the technology offers in terms of audio collection and storage and telecommunications services.

(2) Radio Engineering: By 1992, approximately 45 of 57 FBI field divisions will have digital voice privacy radio systems installed or in various stages of final acceptance. The maintenance of these systems is a priority for supporting the continuous operation of the systems to ensure that investigative needs are met. Each field division is unique in its investigative requirements and communications needs and such factors as changes in field office target staffing levels, addition of off-site premises, and relocation of office space necessitate modifications to installed radio systems to support increased communications traffic and network paths. The design, procurement and installation of the voice privacy radio system is ongoing. The types of equipment are common throughout the FBI but the application of the equipment to each field division is a complex system network in itself. Once these systems are beyond the warranty period, the FBI has total maintenance and support responsibilities. The maintenance program insures that telecommunications assets will support efficient and effective performance of the FBI's investigative mission. Funding is requested for 1992 to maintain installed and accepted voice privacy radio systems and to provide additional field electronics technicians to service and maintain equipment used by the FBI's various radio and telecommunications systems.

(3) Replacement Automobiles: The FBI will have over 2,800 automobiles eligible for replacement under General Services Administration standards of either 60,000 miles or 6 years old in 1992. Of these vehicles, more than 900 will have either 80,000 miles or be 8 years old. Funding of $14,000,000 is requested to acquire 922 vehicles to replace those driven a minimum of 80,000 miles.

QUESTIONS SUBMITTED BY SENATOR WARREN RUDMAN

Desert Storm Funding

QUESTION: The supplemental appropriations bill passed earlier this year included the $4.6 million requested by the Administration for the FBI to cover emergency costs associated with the terrorist threat resulting from Operation Desert Storm. Now that Operation Desert Storm has ended, do you foresee a decline in the threat of terrorism which accompanied hostilities in the Gulf? Is the amount appropriated sufficient for the FBI to carry out its responsibilities?

ANSWER: As you are aware, the $4.6 million supplemental appropriation is the amount necessary to provide for the additional expenses the FBI incurred as a result of the increased investigative activity associated with the terrorist threat resulting from Desert Storm-related matters through March 31, 1991. The FBI projects that this terrorist threat will continue for an approximate 2 to 4 year period. Although it is not anticipated that the levels of FBI investigative activity will continue at the current enhanced level for that entire period of time, it is expected they will remain at a heightened level well into 1992. In view of the above, the $4.6 million supplemental may not be sufficient to cover the additional costs associated with Desert Storm-related activities being incurred by the FBI.

Fingerprint Identification Facility

QUESTION: Recently it has been suggested that the FBI may have paid too much for the abandoned coal strip mine it purchased as the site of the fingerprint center, and that the building the FBI is planning will cost more than was budgeted for the project. Can you comment on these reports?

ANSWER: The purchase price for the 986 acres of the land acquired by the FBI in Harrison County, West Virginia, was $3.5 million, or approximately $3,500 per acre. Three separate certified land appraisals placed an average value on the property of about $5,700 per acre or $5.7 million. The property was purchased at approximately $2.2 million below the certified average assessed value. Various issues relating to the purchase were reviewed by the Environmental and Natural Resources Division, prior to approval being granted. These issues included purchase price, property appraisals, title searches, mineral rights, and other considerations. No problems were found, and the purchase was finalized on January 31, 1991. Condemnation procedures or the right of eminent domain would have set the compensation at fair market value which was higher, as determined by the appraisals, than the average price per acre paid.

The current estimates for building the new facility are higher than the initial funding appropriated by Congress in 1990. The $185 million provided by Congress will be supplemented with funding obtained from a surcharge on the State/local User Fee Program. This surcharge was approved by Congress in 1990. Through value engineering and further refinement of design, the FBI has been able to reduce the overall costs of the facility. While some shortfall still exists, the FBI expects to complete facility construction without requesting any additional funding for construction.

Fingerprint and Namecheck Fee

QUESTION: In 1990, this Committee extended the FBI's authority to collect fees to process fingerprint identification records and name checks for civil and non-law enforcement employment and licensing purposes. How is the User Fee program working?

ANSWER: The 1990 Appropriation Act permitted the FBI to establish and collect fees to process fingerprint identification records and name checks submitted by Federal agencies for noncriminal justice, non-law enforcement employment and licensing purposes, and for certain employees of private sector contractors with classified government contracts. This responsibility is jointly shared between the Identification and Information Management Divisions.

Congress reduced the FBI's 1990 base funding by $30 million in anticipation of the collection of these user fees. It is incumbent upon the FBI to recover the $30 million through the Federal User Fee program.

Since the Department of Justice Appropriations Act, 1990, was not signed until November 21, 1989, the FBI reprogrammed $7.5 million from equipment funds to cover the costs of the Federal name check and fingerprint services for the first quarter of 1990. The remaining funds that were to be collected ($22.5 million) were to be shared by the Identification Division ($19 million) and the Information Management Division ($3.5 million). The Identification Division collected $15.3 million, and the Information Management Division collected over $4 million during 1990. The funding difficulties experienced by other Government agencies and initial implementation problems affected the number of fingerprint cards received by the FBI from the Federal agencies.

QUESTION: Has the level of work increased, decreased or remained constant?

ANSWER: The overall state of economy seems to be reducing the receipts collected by the FBI's User Fee programs. The hiring trend appears to have decreased. Additionally, the Department of State has indicated that, because of the lack of funding available for name and fingerprint checks, it was reviewing policies and procedures requiring these checks with the intention of reducing the number of checks currently being submitted to the FBI. If other Federal agencies follow suit, the FBI's ability to collect the fees that were offset would be significantly impacted.

During the first quarter of 1991, Federal receipts were significantly lower than the average for 1990. This may have been a result of the delayed budget approval and an increase in the processing cost from $14 to $17. While the second quarter shows an increase over the first quarter, the level is still slightly lower than the average monthly receipts for 1990. The Identification Division currently anticipates the collection of approximately $23 million which would result in a shortfall of $1.1 million in 1991. Since the fees collected from the Federal User Fee Program are used to offset the entire cost of providing the services, the shortfall would result in insufficient funds to cover the resources allotted to the Federal User Fee program.

Counterterrorism Statistics

QUESTION: On page 21 of your budget justification, a chart appears showing Counterterrorism program accomplishments. I am curious about the swings in projections for potential economic loss prevented. In 1989, the number was $44,000. Then, it jumps to $662,000 in 1990, and settles back down at $100,000 for 1991 and 1992. How is "potential economic loss prevented" measured?

ANSWER: There are various categories of potential economic loss prevented (PELP). Therefore, the measurement of PELP is dependent upon the type claimed. For example, the face value of a recovered counterfeit negotiable instrument is recorded as a PELP. In an aborted bombing incident, the property value of the facility is recorded as a PELP. The amount of any ransom, extortion or bribe demand aborted prior to payment by actions of the FBI is claimed as a PELP. All PELP claims are evaluated and approved by the appropriate substantive division at FBI Headquarters.

QUESTION: What accounts for the jump in 1990?

ANSWER: As a direct result of specific FBI investigation, in 1990, the takeover of the Haitian Consulate, Miami, Florida, was successfully resolved with minimal damage to the facility. This takeover was perpetrated by Haitian nationals. Due to the potential for significant property damage, over $500,000 in PELP was subsequently claimed. Since these types of activities cannot be predicted with any type of certitude, for 1991 and 1992, the Counterterrorism program did not project any significant PELP claims.

Asian Organized Crime

QUESTION: You are asking for increases totalling $2.9 million for Asian Organized Crime. Your budget states that it is the opinion of the FBI that the return of Hong Kong to the People's Republic of China in 1997 will prove to be a crucial period, and that many of the Chinese Triads will attempt to enter the United States. Can you elaborate for the Committee on the impact you expect the return of Hong Kong to the People's Republic of China (PRC) to have on your activities?

ANSWER: In anticipation of the potential Asian Organized Crime (AOC) problem posed by the 1997 return of Hong Kong to the PRC, the FBI conducted a detailed evaluation of the issue and determined that this event with its probable immigration of Triad members will result in a dramatic rise in AOC criminal activity in the United States as well as other Western democracies (Canada, Australia and Europe).

The Royal Hong Kong Police have estimated Chinese Triad membership to be approximately 80,000 to 100,000 members. Historically, the PRC has met Triad criminal activity with brutal force and it is unlikely that they will remain in Hong Kong after the change in government. Chinese Triads, criminally-influenced Tongs and the Japanese Boryokudan (Yakuza) already have a presence in the United States and it is anticipated that many Triad members will attempt to enter the United States prior to 1997.

The FBI is addressing the AOC problem as a priority subprogram in the FBI's Organized Crime National Strategy. FBI successes against AOC criminal activity, Chinese Organized Crime in particular, will dissuade Triad members from attempting to establish a significant organizational presence in the U.S. It is imperative that AOC groups not become entrenched in U.S. society. The size of the Triads alone would have a exponential impact on organized criminal activity in the U.S. To illustrate, the LCN's membership is estimated to be 2,000 members and 20,000 associates. Should as few as 1 percent of Hong Kong's Triad members enter the U.S., the attendant crime problem would become dramatic, especially since the Triad networks within the U.S. are already in place. AOC activity mirrors the traditional LCN crimes (gambling, drug trafficking, loansharking, murder, etc.). The difference between LCN and AOC lies in the size of the criminal enterprises and the AOC propensity for extreme violence. If AOC is allowed to gain any influence in the U.S. in proportion to the LCN, the cost to U.S. society and the U.S. economy could be dramatic. In addition, the cultural distinction of AOC provides logistical problems for the law enforcement community in the investigation of AOC matters.

Currently, AOC in the United States can be compared to LCN as LCN was in the early part of this century. AOC tends to thrive on criminal activities targeting their particular ethnic group. A significant unchecked increase in AOC membership in the U.S. would allow them to greatly expand their criminal activities to all segments of U.S. society and put AOC on par with LCN.

QUESTION: Your statement this morning says that the Triads have been in contact with La Cosa Nostra (LCN). Do the emerging organized crime groups such as the Triads cooperate with the older, more established groups such as LCN, or do they see themselves in competition with them? Can we expect violent turf battles, or are they engaging in non-competitive endeavors?

ANSWER: The emergence of Asian Organized Crime (AOC) groups has greatly expanded and increased organized crime (OC) activity in this country as well as internationally. The four AOC groups warranting the FBI's primary investigative attention (Chinese Triads, Japanese Boryokudan or Yakuza, criminally influenced Tongs, and Vietnamese organized crime groups) bear a striking resemblance to the LCN in origin, evolution, rituals, hierarchal structures, and criminal activities. AOC criminal activity is pervasive; its influence spanning international borders. The AOC groups interact with each other, the LCN, as well as other criminal groups.

The LCN has been doing "business" with the Italian Organized Crime and the AOC groups for at least the last several years. Rather than competition for a static or limited part of the criminal "business", the FBI has found cooperative associations among these groups. Despite this current cooperation, the threat of violence is ever present. There is no "honor among thieves", and if one group is cheated by the other or if a group becomes too powerful, violence could ensue. This does not mean that violence is not an integral part of these groups.

The LCN continues to use violence, including murder, within LCN families to enforce its own brand of discipline, maintain its hierarchal structure and control its criminal empire. Similar violence occurs within and among Asian organized crime groups to resolve intergroup and intragroup disputes, often using associated youth gangs to carry out the violent acts.

Joint Drug Intelligence Groups

QUESTION: **You are requesting ten agents, six general support positions, and $954,000 to continue participating in the establishment of Joint Drug Intelligence Groups. For the record, can you tell us about these groups? Who participates, what are the goals, and what is the status of their formation?**

ANSWER: An extension of the FBI's drug intelligence initiative was the formation of Joint Drug Intelligence Groups (JDIGs) consisting of dedicated full-time personnel resources to the intelligence program from the FBI and other law enforcement agencies including State and local authorities.

The first JDIG was formed in Miami with Drug Enforcement Administration (DEA) participation and was responsible for expanding the drug intelligence base and taking an analytical approach to drug organization selection for investigation. The Miami JDIG had great success in establishing a comprehensive intelligence base and in targeting major cocaine trafficking organizations for investigation. This was accomplished through the use of the Racketeering Enterprise Investigation (REI). The Miami JDIG was successful in collecting intelligence, identifying drug trafficking organizations, and developing informants, all of which enhanced the drug intelligence base of the FBI and of participating agencies. This exchange of information will enhance the ability of local authorities to make regional cases while creating a strategic intelligence base.

Following the success of the Miami JDIG, a JDIG was formed in Chicago utilizing the strategy of the Miami group. DEA was also a participant in the Chicago JDIG.

The FBI has expanded the JDIGs into Regional Drug Intelligence Squads (RDISs). In order to provide a base line intelligence collection capability, it is essential to have intelligence input from the geographic regions that encompass the principal drug trafficking centers and United States ports of entry. This regional concept will provide nationwide intelligence coverage utilizing a limited number of resources effectively and filling the gaps in the FBI's drug collection mechanism.

The FBI intends to establish and/or enhance RDISs in the following cities to serve as regional intelligence squads: Atlanta (Southeast); Chicago (Midwest); Houston (Gulf Coast); Los Angeles (West Coast/Pacific); Miami (Florida/Caribbean); New York (Northeast); Phoenix (Southwest); and Washington Metropolitan Field Office (Mid-Atlantic).

In each of these regions, the drug intelligence squad would operate under the Organized Crime Drug Enforcement Task Force concept to service the intelligence needs of all Field Divisions within the region. The RDISs collect intelligence information which is passed to operational drug squads for initiation of investigations. The RDISs also develop informants and witnesses and provide an intelligence background mechanism to establish reliability and corroborate source information developed by operational squad agents.

The RDISs are operational in Miami and Chicago, having evolved from the initial JDIG concept. The RDISs will have dedicated full-time FBI personnel resources and are inviting the participation of other Federal, State and local agencies.

QUESTIONS SUBMITTED BY SENATOR ROBERT W. KASTEN, JR.

Drugs

QUESTION: Yesterday I spoke to the U.S. Attorney's Office like Milwaukee, Wisconsin, about the "War on Drugs." He told me that Wisconsin is not immune from this deadly war. Cities in Milwaukee, Madison, Wausua and many small towns in my State are trying to fight this war.

In your budget proposal the FBI is asking for an additional $5.9 million to help fight this deadly war. It is my understanding that Wisconsin has roughly six DEA agents assigned to the State. But on a given day, there are only three DEA agents actively working on drug problems in Wisconsin. The other three are being sent on special assignment to other states or they are participating in "Operation Snow Cap" in Colombia, South America. Will part of the $5.9 million increase be used to supplement or enhance DEA's operations in Wisconsin? And are you currently working together on this issue? What is the FBI doing in Wisconsin to help fight the "War on Drugs?"

ANSWER: The FBI's objective in the war on drugs is the dismantlement of major drug trafficking organizations and the seizure and forfeiture of their assets. Consequently, the FBI has assigned a large portion of its agents, who are dedicated to drug investigations, to the primary importation and distribution points in the United States (e.g. Miami, New York, and Los Angeles). Additionally, the FBI investigates drug trafficking organizations that have a significant impact within a particular community, although they may not be a "major" trafficking organization. To those ends, the FBI has seven agents assigned to its Milwaukee Field Division. Further, the FBI has found that where drug trafficking exists other attendant criminal violations such as corruption, armed robberies, and other crimes in support of trafficking activities frequently arise. The FBI is in a unique position to address many of these activities based on the FBI's general Title 18, United States Code jurisdiction. However, to maximize the efficiency of these agents, the FBI routinely participates in joint task forces with other Federal law enforcement agencies and State and local law enforcement agencies and State and local law enforcement agencies. The FBI has found the President's Organized Crime Drug Enforcement (OCDE) Task Force to be one of the most effective structures to address drug trafficking. OCDE brings together the expertise of the various law enforcement agencies, focusing on the particular criminal activities of a drug trafficking organization, be it money laundering, violence, importation, or distribution.

Nonetheless, it has become evident over the past several years that the insidious drug problems of our major cities are spilling over into the rest of the United States. In recognition of this, the FBI has proposed a Regional Action Initiative, or the "Heartland" Strategy. The FBI's intention is to place additional agents into Mid-America to address those drug organizations that are spreading their influence from the major cities to the Heartland. The President's FY 1992 budget has a requested enhancement of 51 FBI agents specifically for the Heartland Strategy. Should the FBI receive these resource enhancements, those agents will be deployed to such areas as Wisconsin.

The State of Wisconsin is covered by the FBI's Milwaukee Field Office. Currently, the FBI has seven agents assigned to the Milwaukee Field Office to investigate drug matters. Within the Milwaukee Field Office's Drugs Program, there are 51 drug cases under investigation. The predominant drug-trafficking organizations addressed by this FBI field office are Colombian/South American drug-trafficking organizations, followed by Mexican organizations and regional drug-trafficking groups.

QUESTION: Director Sessions, for several years the assets forfeiture program has been expanding and using the money and equipment of lawbreakers themselves to assist members of the law enforcement community in attacking crime.

I have found that the reception for this program on the State and local level, as well as the Federal level, is remarkable among interagency programs. It fosters cooperation among law enforcement agencies on all levels, and uses the money, vehicles, computers and other property of the criminal in our war on drugs and crime.

Does the FBI continue to find this program useful and what are the latest figures as to success of the program?

ANSWER: The results that can be attributed to the FBI's use of money derived from the sale of forfeited property and from the placement of this property into official use are monumental. Without the resources provided by these funds in the areas of awards, purchase of equipment for conveyance, automated data processing, and training, the FBI would not have a viable forfeiture program. In these times of limited resources, it is essential that we continue to receive monies from the Assets Forfeiture Fund.

This source of funding is also important to State and local police agencies. The Department's ability to share with participating agencies serves as an incentive for increased cooperation, which is evidenced by our significant success in the seizure and forfeiture of property. As an example of these successes, it should be noted that at the end of 1985, the FBI had property pending forfeiture valued at approximately $12,199,901. As a result of resources provided from the Fund and cooperation from State and local law enforcement agencies, the FBI's pending forfeitures as of July 1, 1991 exceed $996,000,000.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

Relocation of the Identification Division

QUESTION: Last year, at my request, the Committee included $185 million in the Dire Emergency Supplemental Appropriation bill to relocate and fully automate the FBI's Identification Division to West Virginia. Revitalization of the antiquated fingerprint identification operation is more urgent now than ever. On March 13, 1991, Chairman Edwards of the House Judiciary Committee's Subcommittee on Civil and Constitutional Rights, held an oversight hearing on the FBI's Identification Division. Dr. Fred B. Wood, Senior Associate from the Office of Technology Assessment was called to testify before the Subcommittee. The Office of Technology Assessment was created to serve the Congress by providing objective analyses of major public policy issues related to scientific and technological change. The Subcommittee questioned Dr. Fred B. Wood on the "zero budget" for the automation program for fiscal year 1992. Dr. Fred B. Wood's response to this matter is as follows:

"I think the Subcommittee does need to look hard at the possible implications of essentially zero requests for the automation program for fiscal year 1992. My opinion at this point is that it is likely to have an adverse impact on the Identification automation schedule which at best we are talking four years for the National Fingerprint File/Interstate Identification Index (NFF/III) and Identification automation. Slippage in the funding could drag the period out even longer."

What is the FBI's assessment of the testimony of Dr. Fred B. Wood of the Office of Technology Assessment, which indicated that the failure of the President's Budget to include funds would have an adverse impact on the automation schedule?

ANSWER: The FBI believes it is important that funding for the Integrated Automated Fingerprint Identification System (IAFIS) be made available in 1992. In order to develop, test, build, install, and implement the IAFIS by June 1995, funding must be made available. The inability to obtain this funding would delay the revitalization process effort at least one year.

QUESTION: I am advised that the revitalization of the Identification Division in West Virginia is centered on the integration of three major automation systems: an Automated Fingerprint Identification System (AFIS), the National Fingerprint File (NFF)/Interstate Identification Index (III), and an Image Transmission Network (ITN). The Image Transmission Network (ITN) is essential for the flow and management of information, making possible the capability to conduct positive fingerprint identifications within hours in a paperless process. The Image Transmission Network (ITN) cannot be accomplished with off-the-shelf solutions. A completely unique system must be designed, tested, built, and installed at the new Fingerprint Division facility. Acquisition of the Image Transmission Network (ITN) will be pursuant to Office of Management and Budget Circular A-109 methodology, which requires a phased procurement. The FBI plans to develop and study different (possibly three) prototypes of the Image Transmission Network (ITN) through the use of leased hardware equipment. But, I am told that if revitalization is to proceed without delay, funds must be available in early fiscal year 1992 for awarding an Image Transmission Network (ITN) System Pilot ($8 million), which requires the test/demonstration phase ($40 million), which requires the development and testing of similar prototypes related to the AFIS stage of the overall automated program. I am advised that failure to make these funds available in fiscal year 1992 will delay the project by at least one year and probably longer. Is my understanding correct? Please elaborate for the record.

ANSWER: To keep the development of the IAFIS on schedule, the FBI requires $48 million in 1992. Of this amount, $8 million would be used to develop a fingerprint scanner for the ITN prototype system that is under development for refining and confirming functional specifications. The production ITN will be acquired through the conventional competitive acquisition processes. The ITN will enable the FBI to accept fingerprint submissions and related transactions electronically and process them within the Identification Division (ID) without printing on paper. The technologies that will be used within the ITN are generally off-the-shelf and based on open system architectures.

The remaining $40 million would be used to initiate the AFIS competitive acquisition processes. The concept exploration phase, the first of three phases, would require $15 million in December 1991. Vendors will be solicited to develop AFIS concepts into concept specifications and first-level or technology-based prototypes using the FBI functional and performance requirements. An additional $25 million would be required in May 1992 for the second, or test/demonstration, phase. The FBI would select two or three concepts from the first-level prototype contractors for development of detailed specifications by the proposing vendors. A less than full scale development of each proposed system, including an end-to-end processing demonstration of all technologies, would be the final competition of the concepts and technologies and lead to awarding a contract for full scale AFIS development in early 1993. An AFIS open system architecture and this approach to acquiring the AFIS under the OMB A-109 Circular methodology will result in higher system effectiveness with lower overall system costs and an appropriate level of risk reduction.

QUESTION: Is my understanding correct that each one-year delay in the project will increase costs by $12 million due to inflation and other factors, as well as the delay in completion of revitalization beyond June 1995?

ANSWER: The inability to proceed with the Integrated Automated Fingerprint Identification System (IAFIS) project in 1992 would result in delaying the revitalization effort a minimum of 13 to 16 months. Each year of delay would result in substantial cost increases because of inflationary factors (currently estimated at $600,000 per month only for the automation equipment). An additional $400,000 per month cost increase could result if the building of the facility in West Virginia is delayed. This does not include other cost increases that cannot be accurately determined at this time, e.g., increased costs associated with the transfer of employees.

Felon Identification in Firearms Sales

QUESTION: Please provide for the record a description of the Attorney General's Felon Identification in Firearms Sales efforts and indicate its relation to the FBI Fingerprint Division.

ANSWER: The Anti-Drug Abuse Act of 1988, (P.L. 106-690), directed the Attorney General to develop and report to Congress on systems available for the "immediate and accurate" identification of felons who attempt to purchase firearms. The Attorney General's report on such systems was presented to Congress on November 20, 1989.

The activities to date regarding the Attorney General's efforts on the Felon Identification in Firearms Sales (FIFS) Program include the development of voluntary reporting standards by the FBI and Bureau of Justice Statistics (BJS). These standards were designed to enhance the quality of State records, to facilitate the interstate exchange of information and to permit the identification of felony offenders. The final standards were published in the Federal Register on February 13, 1991.

The BJS was assigned the responsibility of implementing the Attorney General's program for criminal history record improvement. As of June 1, 1991, 27 States had received funds, and applications from four were being processed. As part of this program, States receiving funds must either have initiated or have in place procedures to identify convicted felons in existing and future criminal history records.

There have been several design considerations discussed for the FIFS Program. Analysis has shown that it may not be necessary for the FBI to establish a separate national database of convicted felons. As an alternative, a "pointer" system may be established at the Federal level. Such a system could employ the existing Interstate Identification Index maintained by the FBI and could utilize existing State criminal history record systems.

By utilizing existing procedures and communications systems, such as the National Crime Information Center (NCIC), the National Law Enforcement Telecommunications System (NLETS), and the III database, significant costs and time savings can be realized in implementing a "pointer" system. At the present time, the FBI is working on a project with the State of Virginia to determine the needs and capabilities regarding the implementation of a system to be used for checking potential firearms purchasers, and it is anticipated that a preliminary design for a proposed system will be completed by late 1991.

Assuming Federal legislation does not dictate a new course of action with new and/or additional requirements, the impact on the FBI's fingerprint identification services will still be significant. For criminal history records to be complete, the records must contain up-to-date arrest and disposition information. The FBI has been unable to process all incoming fingerprint identification work or reduce backlogs in order to establish a complete and automated system due to increases in fingerprint card receipts and various other factors. The FBI has approximately 8.8 million records that are only in paper form (except for some identifying information in our automated name index) that must be retrieved manually. The automated information on these manual files does not identify either the State(s) that submitted the arrest data or any other information which would assist in determining if the individual in the index is a disqualified felon.

Staffing is currently insufficient to maintain a complete, accurate, and automated system, as mandated; however, the President's 1992 Budget submitted to Congress contains an enhancement of 487 positions and $12.5 million to enable the FBI to eliminate the fingerprint card and disposition report backlogs, to remain current with incoming work, and to begin automation of the records of the active criminals in its 8.8 million manual records.

Violent Crimes Initiative

QUESTION: Please provide for the record a description of the President's Violent Crimes Initiative and its relation to the FBI Fingerprint Division.

ANSWER: A revitalized FBI Identification Division will significantly support the President's Violent Crimes

initiative. For example, the Department has initiated Project Triggerlock, a major initiative designed to maximize the periods of incarceration of violent armed criminals. The objective of Project Triggerlock is to deter criminals from possessing firearms by using Federal firearms laws which generally provide longer, and often mandatory, sentences for gun offenses.

To implement Triggerlock, all 93 United States Attorneys have designated a lead action attorney to coordinate the efforts of Federal, State and local law enforcement agencies in their districts. Triggerlock task forces are meeting to design the most effective strategies in each district for targeting the most dangerous armed offenders and for coordinating prosecutive decisions. In a number of districts, U.S. Attorneys' offices have conducted training workshops on Federal firearms statutes for State and local law enforcement officials.

Under Project Triggerlock, Federal, State and local authorities share information from sources including arrest dockets, probation and parole records, and coordinate prosecutive decisions in order to maximize the potential penalty for violent armed criminals. The objective in every case is to protect the public by putting the most dangerous offenders in prison for as long as the law allows.

Since the announcement of Project Triggerlock on April 10, 1991, Federal firearms prosecutions were initiated against a total of 847 defendants nationwide, which has already resulted in 225 convictions.

The firearms charges against the bulk of the 847 Federal defendants involve violations of either 18 U.S.C § 922(g) (felon in possession of a firearm) or 18 U.S.C. § 924(c) (carrying or using a firearm in the commission of a Federal crime of violence or drug trafficking crime). Other defendants were charged under 18 U.S.C. § 924(e), known as the Armed Career Criminal Act, which provides lengthy mandatory imprisonment for defendants having three or more prior felony convictions for violent crimes or serious drug offenses.

Removal of these individuals from the street is the most effective means available to reduce serious crime. Revitalization of the Identification Division will substantially enhance the ability to put behind bars the violence-prone criminal that society most wants off the streets.

Identification Division Relocation

QUESTION: News accounts have circulated with erroneous information regarding the costs of relocation, land, and the facility, and other such matters. Would you please provide a clarification for the record, so that these erroneous stories and rumors may be put to rest?

ANSWER: The estimated cost for the Revitalization and Relocation Project is $613 million. The $185 million provided by the Dire Emergency Supplemental Appropriations Act of 1990 should provide the resources, supplemented by reimbursable funds, to address fully the site preparation and construction of the new facility, which is estimated at $211 million. Additional funding, however, is required to develop and implement the Integrated Automated Fingerprint Identification System (IAFIS).

The FBI purchased 986 acres of land near Clarksburg, West Virginia, at a cost of $3.5 million, or approximately $3,500 per acre. Three separate certified land appraisals placed an average value on the property of about $5,700 per acre or $5.7 million. The property was purchased at approximately $2.2 million below the certified average assessed value. Various issues relating to the purchase were reviewed by the Environmental and Natural Resources Division, prior to approval being granted. These issues included property appraisals, title searches, mineral rights, and other considerations. No problems were found and the purchase was accomplished on January 31, 1991, after approval by the Attorney General.

The FBI has committed $195 million of available funds to the facility and related costs. The difference between this cost and the project estimate of $211 million consists of contingency funds which may be required for unanticipated construction expenses. Efforts are continuing to reduce projected building costs and to identify alternative internal funding if required. The facility will be composed of a main building, a day care center, a service center, and a central plant. The main building will be built as modular towers in order to maximize flexibility and adaptability. The entire facility will consist of approximately 800,000 square feet of total space. To avoid an escalation of construction costs of approximately 6.5 percent a year, or approximately $4 million for each year's delay, and to stay within budget, the FBI must proceed with construction of the building in 1991 as planned or be faced with the dilemma of providing additional funds for construction of the building.

The current schedule for the Identification Division Revitalization and Relocation Project has site preparation beginning in October 1991. Construction of the facility should commence during 1992 and finish in late 1994. The initial cost estimate to develop, install and implement the IAFIS is $360 million. Final cost projections for the IAFIS are dependent upon the completion and acceptance of the system design and cost benefits analyses of various functional requirements. Installation and development schedules for implementing the IAFIS (three integrated major systems) require initial development work on two of those systems to be performed in 1992. IAFIS is an advanced integrated system, based on an open system architecture, that requires a large and very complex mix of commercial off-the-shelf, high-performance computing equipment and miscellaneous special-purpose equipment to achieve an open system architecture with the performance and capacity required.

Currently, there are no systems of this nature, size or complexity in existence.

QUESTION: Did the FBI request funding for the Revitalization and Relocation Project during the 1992 budget process? How much is needed for 1992, and how would it be used? What is the impact of not receiving funding for 1992? How important is the project to law enforcement?

ANSWER: The Department submitted to the Office of Management and Budget (OMB) a request for $100 million to develop a full IAFIS during the 1992 budget cycle; however, OMB did not support this request. Subsequent to the decision by OMB, the FBI reexamined its development approach and decided that development risks could be significantly reduced by following the OMB Circular A-109 approach for one of the major systems. Based on this reexamination, a funding level of $48 million was identified to begin initial development work on the Image Transmission Network (ITN) and Automated Fingerprint Identification System (AFIS) components of the IAFIS during 1992. The $48 million includes $8 million for the ITN prototype, $15 million for the AFIS concept exploration phase (Phase 1 of 3), and $25 million for the AFIS test/demonstration phase (Phase 2 of 3). Current installation and development schedules require this in 1992.

The criminal justice system continues to be hampered by the lack of a national state-of-the-art fingerprint identification system. Untold numbers of criminals remain on the streets because the country lacks the IAFIS ability. Without the improved service provided by the IAFIS, the FBI would continue to experience long processing times and incompleteness of data. This in turn would lead to an even further degradation of the national fingerprint repository.

Additionally, the users, both State and Federal, could argue that the FBI does not have the capability to support their identification needs on a timely basis, and that they should seek to develop their own systems, further splintering the national system.

The FBI's existing automated identification system does not address the demands of a continually growing and highly sophisticated group of State/local automated systems. The state-of-the-art technology proposed, through the development of the IAFIS, is critical to the FBI's mission of providing timely fingerprint identification services to more than 63,000 authorized users. Without this system, the future of a national repository for providing these services would be in jeopardy, which would significantly increase the risks to society and the law enforcement community. During 1990, over 35,800 fugitives were identified as a result of the fingerprint identification services provided. The advanced electronic capabilities provided by this system would make significant inroads in the apprehension and identification of the felons and violent criminals that plague our society.

SUBCOMMITTEE RECESS

Senator **Hollings**. Very good. We thank you.

The subcommittee will be in recess subject to our call.

Mr. **Sessions**. I thank you for allowing me to be here, Mr. Chairman.

Senator **Hollings**. Thank you, sir.

[Whereupon, at 11:08 a.m., Tuesday, April 23, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1992

WEDNESDAY, JUNE 12, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:08 a.m, in room S–146, the Capitol, Hon. Ernest F. Hollings (chairman) presiding.

Present: Senators Hollings, Bumpers, Lautenberg, Sasser, Rudman, Stevens, Kasten, and Gramm.

DEPARTMENT OF STATE

SECRETARY OF STATE

STATEMENT OF JAMES A. BAKER III

BUDGET REQUEST

Senator HOLLINGS. The subcommittee will please come to order. We welcome Secretary Baker. He has been busy and hard at work. Mr. Secretary, we know your time is probably more valuable than any. I will only cite the one figure, Mr. Secretary, and that is that your request is for $4.2 billion, $914 million over the enacted levels; $828 million more than the 1992 CBO baseline.

That is a pretty hefty increase for the Department of State. We have just received your statement here. I am going to try to limit myself because I have got enough questions for me to ask to keep both of us busy for the rest of the day, but let me welcome you and yield to my colleagues so we can hear you.

Senator RUDMAN. I just want to welcome the Secretary. I have no comments.

Senator HOLLINGS. Ted, you welcome the Secretary, too.

Senator STEVENS. I welcome him, yes. I am happy to see you.

Secretary BAKER. He did on the way in.

PREPARED STATEMENT

Senator HOLLINGS. Very good. We have your statement. It will be submitted in its entirety in the record. I was just scanning it. You can deliver it as you wish or highlight it as you wish.

[The statement follows:]

STATEMENT OF JAMES A. BAKER, III

Mr. Chairman: I am privileged to appear before this Subcommittee to testify on behalf of our State Department funding proposal for fiscal year 1992. I would like to express my thanks for the efforts of this Subcommittee in securing supplemental funding for the State Department. This was essential both to meet the costs we incurred in the Gulf crisis and to overcome the very difficult effects of sequestration on our tight operations budget. As you know, Mr. Chairman, we are grateful for the critical efforts this Subcommittee makes to ensure we have adequate resources to promote America's interests abroad. With your permission, I would like to have my written statement entered into the record. I would also like to offer a few brief opening observations on my recent trips to Copenhagen and Geneva.

First, last week NATO foreign ministers met in Copenhagen to advance NATO's political adaptation as we move from last July's London Summit toward a November Summit in Rome. In Copenhagen, the Alliance agreed on the core security functions that will guide its work as we build a new Europe and a new Atlanticism. They represent our agreement on the purpose, nature, and fundamental tasks of NATO in the future. In short, we are meeting the promise of last July's London Declaration: to adapt NATO to new realities, transforming our military strategy and emphasizing NATO's political role as an Alliance of shared values.

Second, we advanced our work on many other fronts in Copenhagen, including the relationship of the emerging European security identity to NATO. While we welcome European discussions of a European security identity, we made progress toward ensuring that any such security identity would complement, not compete with, NATO.

Third, we also made progress in advancing the Alliance's relations with our former adversaries to the East. Our discussions concerning CSCE will, I believe, foster a productive CSCE Ministerial in Berlin next week and promote a Europe whole and free.

I was pleased that many of the initiatives regarding NATO's liaison relationships that I proposed with Foreign Minister Genscher have been adopted by the Alliance. We believe the principles we have announced will make it clear to the Soviets and the Central and Eastern Europeans that NATO is serious about reaching out to our former adversaries to build an atmosphere of trust and cooperation across Europe.

We are also pleased with the Alliance statement on Central and Eastern Europe. As these new democracies continue their difficult transitions to political and economic freedom, we hope this statement is another reminder to them that we in the West will continue to support them.

Fourth, in my meeting in Geneva with Foreign Minister Bessmertnykh, we had a substantive exchange on the remaining issues in START. We are agreed, I believe, that while the remaining issues are difficult, they can be solved through hard work on both sides. We have sent experts to Geneva to accelerate work on the more technical issues, and it is likely the Foreign Minister and I will meet again soon to maintain momentum toward a completed agreement.

Fifth, on the question of support for Soviet reform, I told my colleagues in Copenhagen—as I have told several Soviet officials recently—that in our view perestroika is an opportunity for "new thinking" in many areas. Perestroika presents opportunities for new thinking not only in foreign policy, but also in defense policy, in economics, in politics, and in Center-Republic relations. Having begun this revolution, we hope that President Gorbachev will, as he said in Oslo, "stay the course" on perestroika.

But, as he also said in Oslo, "perestroika has now entered its most dramatic phase." Now, more than ever before, it is crucial that the Soviet leadership seize the present opportunity to break with the old ways that have proven unworkable before. They must not miss this opportunity to begin to turn things around.

The United States remains committed to supporting the success of both economic and political reform.

No one can peer into the future and assure us that Soviet reform will succeed. But we believe that the Soviet Union is a country rich in natural resources and talented peoples, a country that could transform itself into a democratic and prosperous society.

The impulse to transform the Soviet Union has been a Soviet choice. Perestroika is home-grown. It has been driven by the realization that change in the Soviet Union is essential to prevent deterioration and decay. And in this regard, perestroika, as President Gorbachev has made so abundantly clear, is about much more than economics. It is a full-fledged revolution—in politics, in Center-Republic relations, in foreign policy, and in defense policy. And in these areas, as much as in the economic sphere, perestroika should continue along the path of greatest political and economic freedom and international cooperation.

Thus, to achieve Soviet goals, to fulfill the hopes of perestroika, and to tap the rich potential of the Soviet Union, it is in Soviet interests to embrace a real market economy with private property, incentives, laws on contracts, competition, a sound currency, and real prices. It is in Soviet interests to continue their efforts to build a state based on the rule of law and move to free and fair elections. It is in Soviet interests to accommodate peacefully the Baltics' aspirations through dialog and negotiations and complete a Union Treaty that will allow the republics the autonomy they desire. It is in Soviet interests to continue a positive foreign policy orientation while ending the most clear-cut vestiges of the era of stagnation by eliminating support for regimes that pursue internal repression or external subversion. And it is in Soviet interests to accelerate their efforts at defense conversion while committing both to opening their defense budget and to reducing significantly the enormous share of GNP devoted to defense spending.

In short, moving along the path of perestroika is, above all, in the interests of the peoples of the Soviet Union. Thus, the Soviets must find the will to open the way to a new future. And they must start by helping themselves.

If they do, we will support them. We can serve as a catalyst for both political and economic reform. Indeed, we are developing a package of supportive measures, which we hope to coordinate with other Western governments.

But we need to recognize that these changes will take effect over a long time. As we work day-by-day, our efforts are almost certain to be a step-by-step process—one with a grand goal but always with a realistic and workable approach.

We recognize the hard choices the Soviets need to make. Above all, we are aware how hard it will be to move toward a true market economy. But for our part, we do not intend to stand idly by if the Soviets come to grips with these questions of political and economic legitimacy. Perestroika could be the most important revolution of this century. All of us have a profound stake in its outcome.

In this regard, Mr. Chairman, let me stress how important it is that we solve the Moscow Embassy problem. The fire has made a bad situation far worse. Quite simply, we are at the point where it is extremely difficult for our people in Moscow to do the job they have to do now, let alone the increased work load likely to be created if the Soviets move ahead with reform. With the naming of a new ambassador, it is time to put this issue behind us and make the United States Embassy in Moscow worthy of the importance U.S.-Soviet relations have in our foreign policy.

The Administration would immediately proceed with whichever of the two preferred approaches—"Tear down and rebuild" or "Top Hat"—the House and Senate can agree upon. But it is critical that the Congress find a way to reach agreement between House and Senate. Continued paralysis with respect to this issue is very much against the national interest.

Before answering your questions, Mr. Chairman, I would like to touch briefly on Most Favored Nation status for China. I would like to make one simple point: If we have learned anything in the last two years, it is that American engagement is essential to the promotion of democratic values. We agree, of course, that China must improve in the areas of human rights, non-proliferation, and trade—and we will scrupulously implement existing laws that cover these areas. However, attempting to isolate a government by cutting off ties with its people is a counter-productive policy, and that is what China-specific MFN conditions would do. MFN is one essential element in keeping Chinese society open to the West and maintaining it is the surest way to promote economic reform, and ultimately the growth of democratic values in that society.

FUNDING REQUEST

To frame our overall funding request for International Affairs activities for fiscal year 1992, let me review five broad policy objectives, built around the five foreign policy challenges which I outlined to Congress last year.

First, promoting and consolidating democratic values, including free and fair elections and respect for human rights. As the President noted in his State of the Union address, this fundamental American principle has stood as a beacon to peoples across the globe for more than two centuries.

Second, promoting free market principles and strengthening U.S. competitiveness. Sustainable economic development cannot be separated from the pursuit of sound, growth-oriented policies; together, these can promote U.S. economic interests abroad.

Third, promoting peace by helping to defuse regional conflicts, strengthening the security of our regional partners, and pursuing arms control and nonproliferation efforts.

Fourth, protecting against transnational threats, especially to the environment and from narcotics and terrorism.

Finally, meeting urgent humanitarian needs, through timely development assistance, food aid, disaster relief, and refugee assistance.

Mr. Chairman, working with you in Congress and our global partners, we envision the use of five principal mechanisms to advance this agenda worldwide:

One, more flexible and integrated bilateral assistance authorities. In authorization legislation which we recently submitted to Congress, we seek more flexible foreign assistance account structures and greater ability to transfer funds both within and among accounts to meet pressing, unexpected needs.

Two, more creative use of multilateral mechanisms to advance our objectives, through the international financial institutions, and through the United Nations system whose funding falls under the jurisdiction of this Subcommittee.

The United Nations has played a historic role in the Gulf crisis, one that is close to fulfilling the vision of its founders. The Security Council's fourteen resolutions, which laid the basis for ending the crisis, symbolized the unity of the international community against Iraq's aggression and established the principle of collective security as a cornerstone of the post-Cold War era.

At the same time, the humanitarian organizations of the U.N. system—together with the International Committee of the Red Cross and the International Organization for Migration—are coordinating a broad international effort to assist the hundreds of thousands of refugees and displaced persons created by Iraqi aggression.

The United States has a vital interest in strengthening this new, revitalized United Nations as a full partner in the building of a post-Cold War world where peace, stability, and prosperity prevail. Indeed, our fiscal year 1992 funding request before this Subcommittee plays a major part in advancing this objective: we seek full funding for all current United Nations activities as well as funding for the President's plan to pay our arrearages.

Three, we foresee greater reliance on creative responsibility sharing as we strengthen our global partnerships, especially with the European Community and its members and with Japan. As many in Congress have noted, our own difficult budgetary situation makes such efforts especially important for the advancement of a common agenda with partners who share our values and interests.

No effort so well illustrates the collective response of the world community to defend world peace as our successful efforts to enlist worldwide support for Operations Desert Shield and Desert Storm, and for the front-line states whose economies have been set back by the effects of Saddam Hussein's aggression. Strong U.S. leadership and shared values and interests have been essential to catalyze the broad worldwide response we have enjoyed.

Four, we envision more creative use of trade and investment policies as vehicles to promote U.S. interests in world economic growth, as well as to enhance our own economic strength.

Finally, we will be challenged to pursue more vigorous U.S. diplomacy in support of our goals, as we seek your support for a State Department budget that provides the resources and flexibility to meet the broad range of diplomatic challenges which lie ahead.

I believe the Gulf crisis provides an especially timely reminder of the State Department's role on the "front-lines" in protecting American citizens and defending American interests. Home and abroad, our professional staff—both foreign and civil service—made valuable contributions to formulating and implementing the President's policies. Let me cite just a few examples:

—Our embassy personnel stationed in Kuwait during the initial months of the Iraqi occupation represented a powerful symbol to the Kuwaiti people that we were not prepared to tolerate the absorption of their country by a ravenous neighbor.

—Effective U.S. leadership in Washington, New York, and our posts abroad helped mobilize broad international support for the diplomatic isolation of Iraq, thereby contributing to the successful revitalization of the principles of the United Nations system.

—Our consular affairs staff in Washington logged long hours, ably fielding inquiries from thousands of concerned relatives and friends on behalf of U.S. hostages in Iraq and alerting American citizens to rapidly changing security conditions in the region.

—Our Middle East missions—many operating with reduced staffing—responded with professionalism to the extraordinary flurry of official visits before, during and after the war.

As you know, Mr. Chairman, promoting U.S. interests abroad is an increasingly expensive responsibility, exacerbated by the demands on the Department to expand operations to meet new political and economic opportunities around the globe. Fluctuations in exchange rates, higher rates of overseas inflation, and the continuing need to enhance the security of our posts and personnel abroad further magnify the problem. Today we face a potential and worrisome weakening of our foreign affairs infrastructure at a time when we are being called upon to meet extraordinary and new challenges.

Since January 1989, we have placed a high priority on strengthening our ability to manage scarce resources. I believe we have made some important achievements over this period:

—To better match national interests to available resources, we are taking steps to better integrate policy planning with the budget process.

—To strengthen foreign service personnel management, we have begun to implement key proposals made by the Thomas and Bremer commissions.

—To conserve personnel and financial resources, we have set up a new center in Rosslyn, Virginia, to process the many thousands of refugee and asylum applications from the Soviet Union, which can serve as a model to meet future consular and immigration demands.

—To strengthen our physical plant abroad, we have put into place a professional property management system and begun implementation of a five year integrated plan which addresses new construction, rehabilitation, repair, and maintenance.

—To enhance the cost-effectiveness of our security efforts, we have begun to implement reforms to link our wide-ranging efforts at over 250 posts abroad to country-specific threat profiles.

—To provide some of the resources to meet changing requirements, we are adjusting staffing levels at different posts in Europe. We also plan to close or downsize certain posts in Western Europe and elsewhere, while opening new posts and adding additional positions in Central and Eastern Europe and the Soviet Union.

This takes me to the specifics of our fiscal year 1992 funding request before this subcommittee.

For State Department operations and other accounts within the jurisdiction of this Subcommittee, we seek a total appropriation request of $4.18 billion, up by $947 million from the fiscal year 1991 level. The bulk of this increase is concentrated in three discrete items: Moscow Embassy, foreign buildings, and international organizations.

MOSCOW EMBASSY

Mr. Chairman, two years ago I promised this Subcommittee a prompt review of the Moscow Embassy situation, with recommendations submitted in the context of our fiscal year 1991 budget. We complied with that commitment last year, when we sought $270 million in funding to tear down the existing uncompleted new structure and rebuild it in place. Speaking before this Subcommittee last year, I said that we had spent a lot of time looking, and that the time to act was now.

Regretfully, Mr.Chairman, it was impossible to secure Congressional endorsement of any single construction option in last year's budget cycle. So I come before you again this year, in the wake of a serious fire in the old chancery, to ask both Houses of Congress to get together and welcome our new Ambassador to Moscow with a construction project to supervise. We are seeking $130 million in fiscal year 1992 funding as a downpayment on a multiyear contract to complete the Moscow Embassy. And we ask that you give serious consideration to the notion of erecting four secure floors onto the current uncompleted new office building—the so-called Top Hat option.

Judge Webster and I have concluded that both Top Hat and the previous Teardown option would allow all classified operations to be housed in new space built by cleared American workers with materials securely shipped from the United States. We also agree fully that the Top Hat option—which was developed in close cooperation with the intelligence community—would provide space just as secure as in the Teardown option, while saving at least $65 million in total costs and shortening construction time by almost one year.

Let me stress, Mr. Chairman, that our prime goal remains obtaining early, definitive Congressional support, so that we can begin construction without further delay on a secure building in Moscow.

Given the nature of our bilateral relationship with the Soviet Union, I am most reluctant to ask our staff to remain in makeshift quarters for another five years or more. And, clearly, the existing, unsecure, fire-damaged building is a totally unacceptable alternative. Therefore, I urge your active support in this Subcommittee, in your caucuses, and on the Senate floor for actions to make construction of a secure chancery in Moscow possible this year. We have always welcomed your support on this issue, and I am confident that you will help build an effective Congressional consensus this year for a secure option that can be built.

FOREIGN BUILDINGS

Our remaining foreign buildings request of $440 million represents an increase of $212 million over the amount appropriated in fiscal year 1991. This marks the first installment of a five year, $2.35 billion program to address our most urgent facility replacement priorities, including embassies in Bangkok and Bogota. Our goal is to restore the safety, security, and workability of our aging but valuable inventory of overseas facilities.

The fiscal year 1992 increase is almost entirely devoted to funding for capital construction, construction security, and maintenance programs which in the current year are relying on available no-year appropriations.

We recognize that we must deploy wisely all resources available to us for our building program. To this end we have made major efforts over the past two years: To use our unobligated FBO balances on high priority programs; to make the best possible use of the appreciated value in our extensive real property holdings overseas; and to ensure that all of our building programs are mutually supportive by putting in place a comprehensive five-year plan for facility replacement, rehabilitation, repair and maintenance requirements.

INTERNATIONAL ORGANIZATIONS

The President has emphasized the urgency of restoring financial viability to the United Nations and other international organizations. After several years of effort on the part of Congress and the Administration, we are pleased to report significant movement toward budgetary and administrative reform within the U.N. and its affiliated agencies. No one who has witnessed the response of the United Nations Security Council to recent events in the Persian Gulf could deny the importance to U.S. interests of a financially healthy United Nations system.

We remain absolutely committed to full funding for U.S. assessed contributions, to the extent permitted by law, and to paying our prior year arrearages over the next four years. We appreciate the full funding we received for fiscal year 1991, which included initial funding toward the necessary process of arrears clearance. For fiscal year 1992, we are requesting $750 million in budget authority to meet our current assessments to international organizations, plus an additional $371 million for arrears clearance, to be paid out over the following four years. For international peacekeeping activities, we are requesting $69 million to meet our full funding obligations, plus $132 million for arrearages, which would also be paid out over four years.

Aside from those three initiatives, our core programs have been held to minimum levels.

STATE SALARIES AND EXPENSES

For State Department salaries and expenses, we are requesting $2.05 billion in budget authority for fiscal year 1992, an increase of $179 million over the current year. This is the minimal level of resources we need to fund our overseas and domestic operations. Over two-thirds of this increase compensates for price increases and exchange rate changes. The remainder will be used to support several specific funding requirements: Expanding further our diplomatic presence in the Soviet Union and Eastern Europe ($25 million); responding to increased immigration-processing requirements necessitated by passage of the Immigration Act of 1990 ($24 million); and strengthening our information and financial systems ($13.5 million).

Adequate funding of this basic operating account is essential for meeting our day to day foreign policy responsibilities.

PUBLIC DIPLOMACY

Public diplomacy will be one of our most valuable tools as we seek to encourage the worldwide tide of democracy and political pluralism. For the valuable work of the U.S. Information Agency and the Board for International Broadcasting, we are requesting $1.3 billion in fiscal year 1992 funding, up slightly from the prior year. Within this level, a new emphasis will be placed on information and cultural programs in Eastern Europe, the Soviet Union, and the Islamic world.

Thank you again, Mr. Chairman, for this opportunity to discuss our State Department funding proposal for fiscal year 1992. We look forward to working with you to ensure we will continue to have adequate resources to promote America's interests abroad.

GENERAL STATEMENT

Secretary BAKER. Thank you, Mr. Chairman. I will not deliver it, and I appreciate your submitting it for the record. Let me simply say I am happy to be here this morning to testify on behalf of our funding proposal for fiscal 1992. I want to start, Mr. Chairman, by expressing my thanks for the efforts of this subcommittee in securing supplemental funding for the Department of State. This was essential both to meet the costs we incurred in the gulf crisis and to overcome the very difficult effects of sequestration on our tight operations budget.

We are grateful, as well, Mr. Chairman, for the critical efforts this subcommittee makes to ensure that we have the adequate resources to promote America's interests abroad.

If I could, I would like to offer a few brief observations on my recent trips to Copenhagen and Geneva and say a word about our relationship with the Soviet Union before we go to questions, if that would be all right with you.

Senator HOLLINGS. Very good.

NORTH ATLANTIC TREATY ALLIANCE

Secretary BAKER. First, last week, Mr. Chairman, NATO foreign ministers met in Copenhagen to advance the Alliance's political adaptation as we move from last July's London summit to the possibility of a fall summit for the North Atlantic Treaty Alliance, and as we build a new Europe and a new Atlanticism. There was agreement in Copenhagen on the core functions of the Alliance as we move to build this new Atlanticism. The agreement was reached on the purpose, the nature, and the fundamental tasks of the NATO Alliance of the future, and I have to say that I think we are meeting the promise of the London summit declaration, that is, to adapt NATO to the new realities that exist, to transform our military strategy and to emphasize NATO's political role as an Alliance among countries that share the same values.

Second, we advanced our work on many other fronts in Copenhagen, including the relationship of the emerging security identity for Europe to NATO, the emerging European security identity, and while we welcome European discussions of a European security identity, we made progress toward ensuring that any such security identity would complement and not compete with the functions, and role, and goals of the North Atlantic Treaty Organization.

Third, we also made some progress in advancing the Alliance's relations with our former adversaries in Eastern and central Europe as well as the Soviet Union. Our discussions concerning CSCE will foster, I hope, a productive CSCE ministerial meeting in Berlin next week and will help us promote a Europe that is both whole and free.

I was very pleased that many of the initiatives, Mr. Chairman, regarding NATO's liaison relationships that we had proposed with Foreign Minister Genscher of Germany have been adopted now by the Alliance. We believe that the principles we have announced will make it clear to the Soviets and the central and Eastern European countries that NATO is serious about reaching out to our former adversaries to build an atmosphere of trust and cooperation across Europe.

We are also pleased with the Alliance's statement on central and Eastern Europe. As these new democracies continue their very difficult transitions to political and economic freedom, we very much hope that this statement is another reminder to them that we in the West will continue to support them.

Fourth, in my meeting in Geneva with the Soviet foreign minister, we had a substantive exchange on those issues that remain in order for us to complete a Strategic Arms Treaty. We are agreed, I believe, that while these remaining issues are very difficult, they can be solved provided there is hard work and attention on both sides.

We have sent some experts recently to Geneva to accelerate work on the more technical issues and it is possible, indeed, quite likely, that the foreign minister and I will get together again very soon to see if we can maintain momentum toward completing an agreement.

SUPPORT FOR SOVIET REFORM

Fifth, Mr. Chairman, on the question of support for Soviet reform, I said to our colleagues in Copenhagen, as I have told several Soviet officials recently, that in our view, perestroika is an opportunity for new thinking in many areas. Perestroika presents opportunities for new thinking not only in foreign policy but also in defense policy, in economics, politics, and in relations between the Soviet center and the Republics of the Soviet Union.

Having begun this revolution, we hope, of course, that President Gorbachev will, as he said he would in Oslo, stay the course on perestroika. But as he also said in Oslo, "Perestroika has now entered its most dramatic phase."

Now, more than ever before, it is crucial that the Soviet leadership seize the present opportunity to break with the old ways that have proven so unworkable before. They really should not miss this opportunity to begin to turn things around.

We here in the United States remain committed to supporting the success of both economic and political reform in the Soviet Union. Nobody has a crystal ball that will show us the future and assure us that Soviet reform efforts will succeed, but we recognize the fact that the Soviet Union is a country that is very rich in natural resources. It is rich in talented peoples; it is a country that could transform itself into a democratic and prosperous society. The impulse to transform the Soviet Union has been a Soviet choice. Perestroika is home-grown. It has been driven by the realization that change in the Soviet Union is essential to prevent deterioration and decay.

In this regard, Mr. Chairman, perestroika, as President Gorbachev has made so abundantly clear, is really about a lot more than simply economics. It is a full-fledged revolution—in politics, in center-republic relations, in foreign policy and in defense policy. And in these areas, as much as in the economic sphere, perestroika should continue along the path of greatest political and economic freedom and along the path of international cooperation.

Thus, to achieve Soviet goals, to fulfill the hopes of perestroika and to tap the rich potential of the Soviet Union, we think it is in Soviet interests to embrace a real market economy with private property, with incentives, with laws on contracts, competition, a sound currency and real prices.

It is in Soviet interests to continue their efforts to build a state based on the rule of law and move to free and fair elections. It is, Mr. Chairman, in Soviet interests to accommodate peacefully the Baltics' aspirations through dialog and negotiations and to complete a union treaty that will allow the republics the automomy that they desire.

Indeed, it is in Soviet interests to continue a positive foreign policy orientation while ending the most clear-cut vestiges of the era of stagnation by eliminating support for regimes that pursue internal repression or external subversion.

Finally, Mr. Chairman, it is in Soviet interests to accelerate their efforts at defense conversion while committing both to opening their defense budget and to reducing significantly the enormous share of GNP that they have, heretofore, devoted to defense spending.

In short, moving along the path of perestroika is, above all, in the interests of the peoples of the Soviet Union. Thus, the Soviets must find the will to open the way to a new future, and they must start by helping themselves. If they do this, Mr. Chairman, we will support them. We can serve as a catalyst for both political and economic reform. Indeed, we are developing a package of supportive measures which we would hope to coordinate with other Western governments. But we need to recognize that these changes will, of necessity, take effect over a long time. As we work day by day, our efforts are almost certain to be a step-by-step process, one with a grand goal but always with a realistic and a workable approach. We recognize the hard choices that the Soviets need to make. Above all, we are aware how hard it is going to be to move to a true market economy.

But for our part, we do not intend to stand idly by if the Soviets come to grips with these questions of political and economic legitimacy. Perestroika could be the most important revolution of this century, and all of us, Mr. Chairman, have a profound stake in its outcome.

MOSCOW EMBASSY PROBLEM

In this respect, Mr. Chairman, let me stress how important we think it is that we solve the Moscow Embassy problem. The fire has made a bad situation worse. Quite simply, we are at the point where it is extremely difficult for our people in Moscow to do the job that they have to do now, let alone the increased workload that is likely to be created if the Soviets move ahead with reform.

With the naming of a new Ambassador, we think it is time to put this issue behind us and make the United States Embassy in Moscow worthy of the importance that United States and Soviet relations have in our foreign policy. The administration would immediately proceed with whichever of the two preferred approaches, that is, the teardown and rebuild or the top hat, that the House and Senate can agree upon. Or if the House and Senate prefer and would authorize us to, the administration would make a choice between the two. But the critical thing, Mr. Chairman, is that the Congress find a way to reach agreement between the House and the Senate. Continued paralysis with respect to this issue is very much against the national interest.

MFN STATUS FOR CHINA

Now, Mr. Chairman, before taking your questions, if I could just touch very briefly on MFN status for China. I would like to make one simple point: If we have learned anything in the last 2 years, I think it is that American engagement is essential to the promotion of democratic values. We agree, of course, that China must improve in the areas of human rights, nonproliferation and trade, and we will scrupulously implement existing laws that cover these areas.

However, attempting to isolate a government by cutting off ties with its people is a counterproductive policy, and that is what China-specific MFN conditions would do. MFN is one essential element in keeping Chinese society open to the West, and maintaining it is the surest way, we think, to promote economic reform and ultimately the growth of democratic values in that society.

Thank you, sir.

Senator **HOLLINGS**. Very good, Mr. Secretary. Let me submit most of my questions for the record. I have here listed Senators Rudman, Stevens, Sasser, Lautenberg, Kasten in order. We have the largest attendance today, and I thank you, Mr. Secretary, for getting this attendance of our committee. You can attract Americans as well.

MOSCOW EMBASSY PROBLEM

Let's go right to the point and get to the Moscow Embassy problem. This is a good opportunity for you to understand this Senator's position, which has been confirmed time and again by the entire Senate.

For one, when you say, "Let the State Department, as the House says, make the decision," I mentally see that picture of Jumblatt, when they had all these factions in Lebanon trying to get together, and while he was the minister of tourism, they said, "Let's meet at the airport," he said "Airport," and his eyes bugged that high. I mean, I can see him now. That is the reaction I have when you say, "Let State Department decide." Egads.

Secretary **BAKER**. That was only an alternative suggestion, Mr. Chairman. What I really would prefer is for the Congress to decide, pick one of the two options, and we will——

Senator HOLLINGS. No, no; let's don't play games. When you say, "Let me stress how important it is that we solve the Moscow Embassy problem, the fire has made a bad situation far worse," the State Department—I say this advisedly—the State Department has made a bad situation worse; I have followed this issue for a long time. We had the Hoover Commission who investigated intelligence activities not only of the CIA and the FBI and the National Security Agency and the Secret Service, but of the intelligence activities of Defense and State Departments.

I worked with Armstrong and Scott McCloud. General Clark headed it up. We had Capt. Eddie Rickenbacher; Admiral Connelly from the Long Island University; Judge Russell; Henry Kerns, from California and myself, and we met over a 2-year period, and I had to stay down at the State Department.

It is just endemic—inherent in diplomatic operations, that you try to make friends, and that is the position of the State Department. They are not interested in security. I can tell you from Hartman's record over there, the Ambassador to Moscow, he wasn't interested in it. He let the whole Embassy become permeated with Soviet KGB listening devices. His successor hasn't done much more. I hope Bob Strauss will sober up and understand that what we are trying to do is the same thing that the entire government is trying to do, is get a secure facility and not to build a few floors on top of a totally permeated and compromised building. Just because you have had a fire. We are not going to adopt a design that compromises U.S. security. The difference—if you accept assumptions that favor a top hat—is 5 years compared with 4½ years; the difference is possibly $60 million.

You are not going to get an Embassy any quicker one way or the other. In fact, the Senate Intelligence Committee has just examined the situation again. They observe that "Taking down the current building and rebuilding on the current site remains a universal first preference of the intelligence community and Embassy officers in Moscow. Teardown has a better chance of leaving Soviet intelligence in the dark about the entire building, which top hat will not."

And further, in their report, quote, "There is no guarantee that top hat would be completed faster than teardown."

Now, what really boils up, of course, is we bring the administrations, as they come along, because President Reagan wanted to go along with his then Secretary of State, and then he finally changed around and came to support teardown after we have had no less than six studies, and seven visits by the intelligence committees on this side of the Capitol. Thereupon, you came, Mr. Secretary, and after a new review you supported teardown.

Now comes the reason for the State Department statement that I made causing more trouble than the recent fire. When Representative Olympia Snow put in her amendment over in the other body and only lost by 11 votes, your State Department had been working tooth and nail against her, against her; not for her. We know what the State Department position is.

If you could channel that energy to support teardown and work just that hard, we could go ahead and get a secure facility in Moscow for the United States of America. Our friend, Bob Strauss, can enjoy where he is going. I am confident he won't be there 4½ or 5 years to see a new Embassy built, so he has got the old facilities one way or the other to work in. I would enjoy your comment, Mr. Secretary.

Secretary **BAKER**. I do have a comment, Mr. Chairman, because your problem really is not, if I may say so, with the State Department. It is with the House, and our problem is not with you or with the House; it is just that the Congress can't get together on this, Mr. Chairman.

Let me say that for 2 years we worked to try and achieve what we had said was a preferred approach, the one you favor, and we couldn't get the House to go along.

Now we are working with an alternative approach which the CIA, in writing to you and to the House, has said, offers adequate security. They have put it in writing, and, therefore, there are now two approaches on the table, both of which the intelligence agencies say offer satisfactory security.

We are not saying leave it to us to choose. What we would really prefer, and I stated it in my remarks, is that the House and the Senate agree so that we do not have to continue to operate under makeshift arrangements in Moscow. We do not have a facility that we can use to manage our most important foreign policy relationship.

Let me say it one more time: We are willing to go in whatever direction the Congress can agree upon; we can go with either of these two approaches, both of which, Mr. Chairman, the CIA has said are sufficient.

Senator **HOLLINGS**. Did you not oppose the Congress?

Secretary **BAKER**. No; for 1½ years we actively worked trying to get your approach. We couldn't get it legislated because we couldn't get the House and Senate to agree.

So this year, we said, "OK, let's try an alternative approach, provided it is accepted by and supported by our intelligence agencies," and it is.

We could now be in a position of not being able to get that option either. So maybe we will have a few more years where we will not have an adequately functioning Embassy in Moscow. If we put it on security grounds, Mr. Chairman, the worst situation is to continue the status quo, because we do not have adequate facilities there now, both from an operational standpoint and from a security standpoint.

This is a situation that has continued for 5 or 6 years. If the Congress doesn't or can't agree, then it will continue to exist into the future. But I am saying, "We will go whatever way you all agree upon up here." We will, and we have worked very hard to show that.

Senator **HOLLINGS**. That isn't what your Department does. I know you are busy. You can't keep track of all this, but your Department is fighting like a tiger to go the House way, and you are bucking the House of Representatives.

Secretary **BAKER**. Sir, sir, we did this year.

Senator **HOLLINGS**. Sure you did.

Secretary **BAKER**. We did.

Senator HOLLINGS. That was in opposition to what you said in the President's budget submission and not the position that you are saying now.

Secretary BAKER. But the reason that we did that, Senator Hollings, was because for 1½ years we fought like crazy to try and get the teardown/rebuild option, which is the one you prefer, and we couldn't get it legislated in the House and Senate.

Now what I am saying to you and what we have said to the House is, "Please, Congress, get together; tell us which way you want to go, and let's get about the business of providing a facility that will permit us to manage the most important relationship this country has, but let's decide."

We really are open to whatever decision you make, and so are the intelligence agencies, and they have written you to this effect.

Senator HOLLINGS. Not so. [Laughter.]

I went along with your submission that you made at the first of the year. Don Oberdorfer of the Washington Post called, and he said, "Are you going along with top hat?"

I said, "What are you talking about?" I know Don. He used to work with the Charlotte Observer; he covered me. I said, "Top hat? What dance is this you're talking about?"

He said, "No, no; the Moscow Embassy."

I said I hadn't heard anything. He said, "Well, what is your comment?"

I said, "I have got to find out what's going on. Maybe there has been some change. Let me find out."

I immediately called the Director of Central Intelligence, Judge Webster, and I said, "Judge," about the Moscow Embassy, "Has anything changed?"

Judge Webster said, "Absolutely not."

I said, "You still favor the entire teardown?"

He said, "Yes."

I know about that letter you have got, Mr. Secretary. That is like Mayor Baylor with pain and suffering for each hour. You said to Webster, and I know about that call. "What can we do to get your approval? Can we do a little bit of this? Can we do a little bit of that? You have got it. We will do this; we will do that," and you ended up the top part of the Embassy supposedly secure, and that is the letter you wrote, but he doesn't really favor it. The CIA is not signing off; the intelligence community is not signing off, and you are not passing it through the Senate, I don't believe, any kind of top hat or any kind of nonsecure operation, for millions of dollars.

And then furthermore, why don't you make the demand on the Soviets to pay for this thing? We had in our contract "without defects." There are affirmative action plan of defects there that they put in it. So the cost is not to us; the cost should be to the Soviet Union.

Secretary BAKER. Listen, let's consider doing that. That is not a bad idea.

Senator HOLLINGS. Consider. Let's insist on it.

Secretary BAKER. That is a good idea, but let's find out what it is we are going to ask them to help pay for. We can't even tell them what we want to do, because we can't get together up here.

Senator HOLLINGS. All right.

Senator BUMPERS. We can loan them $1 billion and ask them to pay for the Embassy out of it.

Senator HOLLINGS. Sure. We can get together, but we have had a hard time with your State Department, and you keep coming up here and saying that, and I know good and well we can pass it on the House, and we didn't overcome your opposition; we only lost by just 11 votes.

DOSTN PLAN

Let me get to DOSTN, because you will probably get some friendly questions on communications today. Right to the point, with respect to the Department's communications plan DOSTN, we put the language—and I am not going to reiterate the language just for the record—in last year's appropriations conference report to submit a plan and give us the cost projections and the firm requirements.

The State Department did not respond. They just gave us the adjectives and the cheerleading and all; it was a wonderful thing, and you seemingly are going pell-mell down the road without the reprogramming that we required in that appropriation that you now are functioning under.

I understand that there is already Government-owned telecommunications capability overseas that has not been well considered and reviewed. And we have talked with everybody in communications. We want to get you the best communications. We think you have it, and get all what you want, the voice, the face, the encryptions, everything else of that kind. That is something that we are vitally interested in, and we know a good bit about it. Make sure you don't come up with a reprogramming when you are operating under that particular requirement at the present time for your appropriation.

Secretary BAKER. You are saying don't reprogram for DOSTN?

Senator HOLLINGS. No, sir; not until we have had a chance to look at it. You appear to be moving to sign contracts without addressing the committee's concerns.

Secretary BAKER. I am not aware of that.

Senator HOLLINGS. Don't sign any contracts.

Secretary BAKER. I am not aware of any intention.

Senator HOLLINGS. Mr. Secretary, the reason I mention it, the communication company lobbyists and all my friends all over the Hill are trying to get communications contracts, and they are seeing me, and they are seeing this Senator and they are seeing that Senator, and they don't understand or maybe they understand better than we think they do. They have got a full court press on to go pell-mell into a $350 million to $1 billion system without reviewing existing assets on a Governmentwide basis.

FOREIGN NATIONAL PAY RAISES

Mr. Secretary, let's talk about foreign national pay raises. The State Department has no limits on the foreign national pay raises. In other words, in the Near East, Southeast Asia and everywhere else overseas, these pay raises average 13 percent; East Asia and the Pacific is averaging 15 percent; Africa, 45 percent. But for civilians, U.S. civilians here and overseas, we limit those pay raises to 4.2 percent.

In other words, we are giving foreigners higher raises than Americans. Why should the taxpayers provide pay raises in excess of the rate that most nations are willing to provide their own government employees? Can you look at that?

Secretary BAKER. Good question. Absolutely. Are these raises for inflation?

Senator HOLLINGS. Yes; and they are bound to be. There are some currency differences, too.

Secretary BAKER. Exchange rates. Senator, it might be that if they are inflation adjustments and you are in a country that has got, for example, 13 percent inflation, then the adjustment would likely be 13 percent, for our foreign workers in that country, even though a U.S. citizen working there for our Government would get, for example, a 5-percent adjustment if inflation was 5 percent in the United States, but I would be glad to look into it.

Senator HOLLINGS. I understand that. We won't belabor that and I appreciate it. Let me just ask this, two more questions, because I want to yield to our colleagues so they will have time.

ARAB LEAGUE BOYCOTT

With respect to the Arab League boycott, I had right in my home State Jewish contractors told not to apply; they couldn't participate as a result of the Arab League boycott. I talked directly with Skip. I think we have got it straightened out in downtown Kuwait, but why don't we require firms receiving the State Department contracts to certify that they do not or will not comply with the Arab League boycott? Don't you think that would be good to clear the air on this particular point now that we have made the world safe for Arabism and Emirs?

Secretary BAKER. We are, as you know, forcefully opposed to the Arab boycott, Senator Hollings. In fact, I can remember exchanges with you in 1975 when I was in the Commerce Department on this issue.

Senator HOLLINGS. That is right. I have been trying to get action on this issue for a long time.

Secretary BAKER. And that is a very good question.

Senator HOLLINGS. And I am on Secretary of Commerce Mosbacher the same way, but I think we ought to have, like you said in your opening statement—our values, our American values here.

Secretary BAKER. I think we are making a little progress, frankly, with some of those countries, and Kuwait is one that I would mention to you, particularly with respect to negative certifications. But you let me look at that one, because we are totally opposed to the concept of an Arab boycott, and we have been trying to do what we can to see that abolished or at least suspended during the pendency of any peace discussions.

U.N. ARREARAGES

Senator **HOLLINGS**. Going back about 1975 when you were in Commerce and recommending strong EDA programs, then you came around as Chief of Staff to President Reagan and decided with OMB Director David Stockman, "Let's do away with EDA and Small Business."

Now we have a request from you as Secretary of State, to increase our amounts to the international organizations up to $855 million. As you know from the summit agreement, we are really strapped. Part of your budget request, of course, is for the U.N. Industrial Development Organization, $34.9 million. The Bush administration's budget says to me it is bad to build a water and sewer line in Appalachia, but it is wonderful to have a water and sewer line in downtown Kuwait or downtown Brazil.

Don't you think we can economize there? There is over $1 billion in AID for economic development. Is that the place we could enjoy some budget savings?

Secretary **BAKER**. I don't know, Senator. I think it is important that we engage in economic development activities in these countries, particularly in those countries that we would like to see move toward a free market system and move toward democracy. I think those dollars, for the most part, are reasonably well spent.

The U.N. money is money that, for the most part, represents solemn international commitments that the United States entered into.

Senator **HOLLINGS**. Under that past administration. They are going to let us pay the bill. You know, we are going to grow out of it. You inherited it.

Secretary **BAKER**. Senator, the bills weren't paid because the money wasn't appropriated up here.

Senator **HOLLINGS**. You all didn't ask for it.

Secretary **BAKER**. We did ask for it once the reforms were made. Now we are asking for full payment on the arrearages.

Senator **HOLLINGS**. You want to cut all the rest of that and get all that. All right, I will yield to Senator Rudman.

MOSCOW EMBASSY PROBLEM

Senator **RUDMAN**. Well, Mr. Secretary, welcome to the annual training session to sharpen your skills.

I have a coin here, and I wonder if maybe the final result would be, if I could get the chairman and the House chairman and you to call best of two out of three, to decide what to do with the Moscow Embassy. Would everybody sign off on that?

Senator **HOLLINGS**. You and I want security.

Secretary **BAKER**. You don't even have to put us in it anymore, Senator. What we are saying to you is: You decide with the House, and we are happy to go along, but let's get something decided.

Senator **RUDMAN**. I anticipate that the Saudis will celebrate Yom Kippur before that happens. [Laughter.]

Secretary **BAKER**. Then maybe your coin approach is a reasonable approach.

Senator **GRAMM**. I think you are optimistic, Warren.

MISSILE SALES AND MFN STATUS FOR CHINA

Senator RUDMAN. Let me just ask a couple of quick questions and yield to my colleagues. I know the chairman has a lot of substantive questions that will be submitted for the record which we will get answers for and incorporate in the hearing record. I want to ask about MFN with China. You alluded to it briefly. Let me just talk about one issue that transcends some of the others and that is the sale of the M-9 missiles to Syria and the M-11's to Pakistan.

Just, if you can, tell us what is the present status of our discussions with the Chinese on this issue? Because it is a very important issue.

Secretary BAKER. We are sending the Under Secretary for Security Assistance to Beijing on Sunday, Senator, to engage with the Chinese on a whole host of concerns that we have on proliferation, missile proliferation, and other types of weapons proliferation.

This is one of the reasons we say it is important to remain engaged with the Chinese and not to cut them off. It is one of the arguments we make for maintaining MFN for China. But we are in the process of addressing that issue directly, face to face with the Chinese, and we think we will get further by that approach than if we were to say, "Nope, we are going to cut off MFN; we are going to isolate China."

Senator RUDMAN. I have essentially agreed with you all of these years. I agreed with you last time, but I am troubled by this point, and maybe you can help me with it. At what point do we in the Congress start drawing a line and agreeing in principle with the idea of keeping them engaged? At what point does this Chinese Government do something that crosses that line and as a result we do not give them the status which, after all, is called most favored nation status.

At what point do they fall into enough disfavor for us to say, "Enough"? That is my question.

Secretary BAKER. They fell into enough disfavor in the aftermath of Tiananmen Square, Senator Rudman, for us to take a number of actions against them by way of sanctions, actions that remain in force, in full force and effect. Since that time we have taken other courses: In the trade area, we have designated China under special 301; in the area of nonproliferation, we have taken some steps. The President, in announcing that he wanted to renew MFN just the other day, said there are certain things we are not going to be doing with respect to satellite technology and a whole host of other areas.

So we have reached that point with the Chinese, the point of sanctions.

In response to your hypothetical question, I don't think anybody can answer at what point you reach a plateau or a level where you say, "No MFN".

We think doing that now would be totally counterproductive. There is not one other country in the world that is thinking about revoking or suspending MFN to China, not one. I am not going to come up here and argue the significant economic interests that the United States has in maintaining it, because you can't argue dollars against human rights, but there is a significant economic interest.

We are taking action and have across a whole, wide range of things, World Bank loans, military sales, many things that people forget about. We put those on in the aftermath of Tiananmen; other countries have moderated or mitigated their sanctions. We haven't, and we are going to keep them on for awhile. But cutting MFN is not the approach.

Senator RUDMAN. I guess I would just follow that up with this: If we continue to have a notable lack of success in the proliferation area, if that continues, and the evidence is that it does and not due to your failing, the line is crossed.

Secretary BAKER. No, sir; there really isn't evidence, Senator. The Chinese just recently have agreed to attend a meeting of the perm five members of the United Nations Security Council in accordance with the President's arms control initiative for the Middle East. That is a very positive development. It is a positive step by China. Now, it may not translate into the kind of nonproliferation measures we want to see taken, but let's wait and see. We are engaging with them on these issues.

Senator RUDMAN. It just seems to me, and you may agree or disagree, that when you start having increases of sales of M–9's to Syria and M–11's to Pakistan, if they go at an increased volume, then although I fundamentally agree with your philosophy on MFN and its linkage, it just seems to me that at some point this country has got very serious problems considering our other interests in the world. That is my point.

Secretary BAKER. That is a very valid point, Senator Rudman, but that is the substance of the issues that the Under Secretary of State is going to China to address.

Senator RUDMAN. How long will he be there?

Secretary BAKER. Well, he arrives Sunday.

VOICE FROM THE AUDIENCE. Three days.

Secretary BAKER. I don't know how long he will stay. I think he will be coming back probably Wednesday or Thursday.

Senator RUDMAN. What will be the Department's policy on discussing either publicly or with Members of Congress the results of that trip?

Secretary BAKER. We would obviously brief the Congress.

Senator RUDMAN. Well, I hope you would, because there are a lot of people concerned about that issue, and as one who has favored MFN, I just think it is an issue that ought to be addressed. I mean, the human rights issue is an issue that is a special one in its own way, but to others here, the issue of missile sales is extremely important.

One last very brief question.

Secretary BAKER. Let my simply say this.

Senator RUDMAN. Yes.

Secretary BAKER. So it is clearly understood: We do not have any evidence of or indication that surface-to-surface missiles have been delivered by China to Syria, and we have weighed in very strongly with respect to the other issue you raised about the question of M–11 missiles to Pakistan.

POLICY TOWARD SYRIA AND LEBANON

Senator **RUDMAN**. My final question involves the Middle East. It is a very specific question because it is such a complex issue that we could discuss it for hours. You have made comments recently about some of the root problems, and you have discussed those with several committees of the Congress. Many agree with you and many disagree with you, but it is too complex to assess all the blame, I am sure, to any one party. I don't think you did that, but I want to ask one question about Syria, who we seem to be having some sort of a new relationship with after the gulf war. We have really got what has amounted to, at least up to now, to a de facto annexation of Lebanon by the Syrians. I think most experts in the region would agree with that statement.

How do you view that as a threat to the whole process and what is going on there? And what is our policy, and what are we doing about it?

Secretary **BAKER**. We still are supporting strongly, Senator Rudman, the Taif Agreement, which calls for the ultimate withdrawal, of course, of foreign forces from Lebanon; that initially calls for the Syrians to withdraw to the Biga Valley. We support the independence of Lebanon, and we take note of the fact that there hasn't been any fighting in Lebanon now for a period of months. The exact number of months escapes my memory.

Senator **HOLLINGS**. Since the November massacre; just around Thanksgiving Day when the Syrians went in there and killed about 700 Christians.

Secretary **BAKER**. Eight months of no fighting in Lebanon. The Lebanese forces continue to expand their control of greater Beirut and parts of southern Lebanon. Our policy toward Lebanon has not changed. We are going to continue to support the Taif Agreement. We are going to judge the Lebanese-Syrian treaty on the basis of whether it is consistent with the principles of Taif and whether it is consistent with the principles of unity and sovereignty and independence of Lebanon which is what we support and want to see happen.

Senator **RUDMAN**. You would agree with me that until that happens, if it happens, that is a fundamentally destabilizing function in terms of the whole area and in terms of the Israelis and all the others in the area.

Secretary **BAKER**. If what happens?

Senator **RUDMAN**. If it doesn't happen.

Secretary **BAKER**. If Taif is not respected?

Senator **RUDMAN**. That is correct.

Secretary **BAKER**. I think I would agree with that, but I think, Senator Rudman, that it is important that we understand that Taif has to be observed and should be observed in all of its respects.

Senator **RUDMAN**. I understand that.

Secretary **BAKER**. In all of its provisions.

Senator **RUDMAN**. I understand that.

Thank you.

Secretary **BAKER**. And by all parties.

Senator **RUDMAN**. I appreciate that.

Senator **HOLLINGS**. Thank you, Senator.

Senator Stevens.

COMPLEXITY OF SOVIET RELATIONS

Senator STEVENS. It is nice to see you again, my friend. We watch your travels with great interest, and I am hopeful that you are going to take some time to conserve a little bit of that energy here, because it is still a long trail, but I wondered if you would want to comment about the elections there in Russia and whether that is going to have any impact on this committee in terms of our funding. Are we going to change our relationship with these republics? Are we going to have Embassies, and is there going to be a more complex relationship with Russia as opposed to the center?

I heard the other night that Yeltsin and his advisors say they are going to issue their own currency, and they are going to have their own foreign policy. It worries me that we may find ourselves dealing with a fractionated Soviet Union that still has the same amount of nuclear weapons and missiles to carry them, and as far as the area across from my State, the Soviet far east and Siberia, it continues to increase in military strength and in the numbers of the intercontinental weapons that are there. I am sure you realize that.

Is this going to be destabilizing, really, is my key question, Jim?

Secretary BAKER. Of course, it is our strong and fervent hope, Senator Stevens, that the process of economic and political reform in the Soviet Union, which is very fundamental, as I indicated in my opening remarks, takes place peacefully and in a stable way. We are heartened by the Nine Plus One Agreement that was entered into on April 23 between the center and nine of the republics.

You asked initially: Will our relationship be more complex with the Soviet Union as a result of the changes that have taken place in the Soviet Union? I think the answer has to be yes, because the situation in the Soviet Union, as it is developing, is becoming more and more complex.

I think we have to continue not to lose sight of the fact that the Soviet Union is engaged in something that I can't recall having been done.

Senator STEVENS. It is a real reformation.

Secretary BAKER. Well, I characterized it as a revolution, and I think it is, because they are trying to completely and totally change their political system and their economic system and adopt models that were 180 degrees different from the models that they followed for 70 years. That is an extraordinarily difficult thing to do.

Now, we are already broadening our contacts with the republics. The last time I was in the Soviet Union, we had a dinner at the Embassy for prime ministers, presidents, and representatives from the republics. I have seen the foreign minister of the Russian Republic twice on his visits to the United States.

We will be expanding our contacts with the republic leadership, but don't lose sight of the fact that they all say over there, the reformers tell us and the republic leadership tells us, "Don't give up your contacts, your relationships. Stay in touch with, stay involved with, and engage with the center."

That is very, very important to the process of the reform.

And we intend to do that, because the center now is still the union government of the Soviet Union. But the answer to your question is yes, they will be; our relationships will be more complex, because the situation is more complex. But it is not an either/or. I mean, it is not a case of saying, "Well, you have got to back a different course or you have got to—" There is still a leadership in the center. It has been responsible for extraordinary change around the world and in the Soviet Union. It continues, in our view, to be committed to reform, and we ought to continue to support it in its efforts to try and reform politically and economically.

Senator STEVENS. I am worried about the information that comes to us about the massive amount of assistance that is going to be expected from the free world, at least from the capitalist areas, and if the Russians develop their own currency and we are looking to the center to support the ruble, it suddenly becomes a black hole financially that is hard to contemplate.

I do hope we are very careful in dealing with this new development in Russia as opposed to the Soviet Union per se.

Secretary BAKER. Senator, are you sure that your information on the currency for the Russian Republic did not predate April 23? Because I am not sure that they are still taking the position that they would have their own currency.

Senator STEVENS. I am going to tell you I was told just the night before last by Soviet citizens that that was expected.

FUNDING FOR THE UNITED NATIONS

Let me shift to the United Nations, and I want to congratulate you and the administration for, again, asking for full funding on the United Nations. I view the U.N. problem a little differently from the chairman of this committee, perhaps, but being involved in the Defense Subcommittee and looking at the reduction in our forces over the next 5 years and the potential for what we might have the capability to do by the end of the decade, we will have at least 30 percent less military power by the middle of this decade and considerably less than that by the end of the decade.

We will have, you know, 450 ships instead of 600, which was our goal. We will have 12 divisions instead of 18. We are going to be cutting back our total modernization program. The United Nations becomes even more important to us, I think, in the years ahead, and I am worried that we are not really properly supporting it to give it the role that it must have and that we ought to be more supportive.

My question to you, really, is: Is the funding request that you have made sufficient? I don't think it is in terms of the expanded role of the United Nations. Are we just trying to play catchup with what we didn't pay in the past?

Secretary BAKER. No, sir; I think we have asked for the full amount of our 1992 assessments of all the U.N. agencies. And we have asked for a substantial amount for the payment of arrearages and for authorization to pay all arrearages over the course of the next 4 years. So it is a pretty full request. I think it is a strong request in support of the United Nations.

Senator **STEVENS**. This is Senator Kasten's problem, basically. I do think that it has to be done and that we have to find a way to catch up and to strengthen that organization.

MFN STATUS FOR CHINA

Last, as one who served in China in World War II, I want to urge you to make the Under Secretary available as soon as he comes back. His reaction to the President's MFN statement on China surprises me, particularly in view of the fact that the leaders, who fled to this country from Tiananmen, are, as I understand it, saying, "Don't close that door." This cannot be totally closed to China.

Secretary **BAKER**. The Chinese students are, for the most part, Senator Stevens, supporting the renewal of MFN for China. That is different than the case in the past; it is something we should take note of.

Senator **STEVENS**. Those are the voices I am hearing, and I hope that the rest of the Congress hears it, and I hope that we hear from the Under Secretary as soon as he returns.

Secretary **BAKER**. The reason the Chinese students are supporting the renewal of MFN for China is because it is the reformers in China that are benefited, and it is those areas in China, the provinces in China, particularly those on the coast, that are moving toward free market economic reform that benefit from MFN.

Senator **STEVENS**. Thank you very much. I have to go to another committee. I hope you will excuse me.

Senator **HOLLINGS**. Very good.

Senator **STEVENS**. Thank you, Mr. Secretary.

Senator **HOLLINGS**. Thank you.

Senator Sasser?

Senator **SASSER**. Thank you very much, Mr. Chairman. I don't know whether to refer to our distinguished witness today as Mr. Secretary or Doctor. I happened to be present yesterday when the Secretary received a Honorary Doctorate of Law Degree at Princeton University. I want to congratulate you in that particular achievement.

Senator **HOLLINGS**. Very good, and from Princeton, too.

ARMS CONTROL INITIATIVES

Senator **SASSER**. Mr. Secretary, you, in your opening statement, indicated that perestroika could be the most important revolution of this century and that we all have a profound stake in its outcome. I would certainly agree that perestroika is the most important revolution of the second half of the 20th century. I think there is no question about that.

It opens up enormous opportunities, as you know, for the United States and what we like to refer to as the free world, and not the least of these, Mr. Secretary, is to move in the direction of limiting arms production; limiting what I consider to be the excessive amount of human resources that go into the construction of what are ultimately instruments of destruction.

The United States has been heavily engaged in this endeavor. We have been forced to, really, since 1940, with the exception of 2 or 3, or 4 years after the Second World War, allocating a substantial portion of our gross national product to the production and distribution of weapons literally all across the face of this Earth.

With perestroika, I think we have an enormous opportunity to take the lead for the whole world in trying to move away from what I consider to be an inordinate allocation of resources to weapons. I was pleased to see that the Japanese Government was considering, and may have by this time, announced a policy of limiting or curtailing or terminating economic aid to those governments around the world that they consider to be allocating a disproportionate amount of their resources to the purchase of weapons or to maintaining standing armies, et cetera.

If that is the policy of the Japanese Government, it might be one that we want to emulate. I must say to you, Mr. Secretary, that I was disheartened to see the Secretary of Defense announcing that we were furnishing more weapons for the Middle East: the Emirates, I think, some new weapons, some of our old F–15's for Israel, and I would submit, Mr. Secretary, that in that region of the world arms are the key now, and we have just seen in the past few months the result of that policy in which everyone is armed to the teeth and looking aggressively over their neighbor's border.

Some is your view and what is our Government doing with regard to trying to come up with some policy which will limit arms production and arms distribution? I would recommend that we examine the policy that the Japanese appear to be advocating and see if that might suit our purposes. What is your response?

Secretary BAKER. Let me respond to the general question first, Senator Sasser, because it is a very valid question. The sales which we have announced in the aftermath of the gulf war, providing F–15's to Israel in particular, comes about as a consequence of legislation that was enacted long before the gulf war; the 20 Apache helicopters for the UAE are also something that have been in the pipeline for quite some time.

On arms control generally, the President has announced an approach that is very, very, very comprehensive when it comes to weapons of mass destruction. I won't detail all of his announcement, which included nuclear, chemical, biological, and missile technology.

With respect to conventional weapons, the President has announced that he thinks we should, beginning with the perm five members of the United Nations Security Council, focus on more transparency in arms sales, and the establishment of guidelines or principles on when it might be appropriate to sell arms in the Middle East. The perm five security council members are responsible for 85 to 90 percent of all the arms transfers to the Middle East.

As I indicated in an answer to Senator Rudman, we are very pleased that all of the perm five member countries have agreed to come to an initial meaning on this question: Establishing the guidelines; establishing transparency. We do not believe that the provision of needed equipment to our friends in the Middle East is necessarily at odds with the pursuit of our arms control objectives, and we liken it to the deterrent situation with respect to nuclear arms control.

One reason that we are making some progress—it has been 9 years, but we have the potential, at least, to complete a strategic arms agreement with the Soviet Union—is because we have maintained a credible, modern nuclear deterrent during this time. The provision of conventional arms to our friends in the Middle East and the adoption of conventional arms control are not mutually exclusive.

Now, we can argue about whether it goes far enough. There will be some who say, "Well, on the conventional side, you are not going as far as you are going on weapons of mass destruction; you should go further." That doesn't happen to be our view, but we are pleased with the initial response of the perm five, and I rather suspect that this issue will probably also be addressed by the G–7, the group of seven countries, and ultimately to a broader group of countries.

Senator **SASSER**. Well, Mr. Secretary, I understand that there are instances where we may wish to furnish weapons to friends. It has also been my experience in watching history develop over a period of time that friends have a way of becoming foes, and I think it is now time for the United States to fish or cut bait, and we have the opportunity here to seize the initiative and to become the world leader in trying to curtail this proliferation of weapons around the world.

Certainly, weapons of mass destruction and proliferation of nuclear weapons has to be our No. 1 priority; no question about that.

Secretary **BAKER**. That, I don't think anybody can quarrel with, Senator Sasser. The approach that we have taken is very, very comprehensive on weapons of mass destruction.

Senator **SASSER**. Second, we need to look into the question of conventional weaponry, and in my view, we need to take a stronger role in trying to limit the distribution of that, because that is where the heavy expenditures are made, and that is where these governments and emerging countries around the world, that is where they are allocating a disproportionate amount of the resources, and it falls upon us, when economic disaster strikes, as it does in Africa, when they do this—look at Ethiopia right now—it falls upon the American taxpayer to come in and try to pick up some of the pieces.

The point I want to make to you most strongly, Mr. Secretary, is this is a unique opportunity, and you, sir, I would submit, are in a unique position to take advantage of this opportunity. You are a man who enjoys the trust and the friendship of the Chief Executive of this country, and we are at a time, I think, when we can seize the initiative and make a real difference for many, many, many years to come, and I would urge you to do that.

EFFORTS IN THE MIDDLE EAST

Before I relinquish my time, Mr. Chairman, Mr. Secretary, I would just like to commend you on your efforts in the Middle East to try to work out some arrangement there to lessen tensions. It is a tough job you have on your hands, and I applaud the efforts that you are making, and I want to urge you to continue to try to push on that problem. It appears to be intractable to some of us from the outside.

Secretary **BAKER**. Thank you, Senator.

Senator **SASSER**. You bet.

Senator **HOLLINGS**. Thank you.

Senator Kasten?

MFN STATUS FOR CHINA

Senator KASTEN. Mr. Chairman, thank you. I want to repeat what you have heard now from almost every one of the members of the committee today. Yesterday Reg Bartholomew was before the Foreign Operations Subcommittee; everyone there also spoke about the importance of our relationship with China, not only on MFN status but on a number of other issues. If the missiles to Syria and the missiles to Pakistan are not somehow dealt with, and if he is not able to reverse or alter that decision, I think, however, the MFN issue works out, it is going to be difficult working with a number of Members on both sides of the aisle.

So yesterday we wished him well, and I simply want to reiterate what Senator Rudman and others said today. This is very, very important.

For anyone to be putting missiles into Syria right now is just plain wrong. I am hopeful that he will be successful, and I also hope that he will be able to give us a complete summary of his activities under any kind of forum that he wants. We can go up to 407, or we could have a hearing or he could come to our offices. We are not picky about how he does it, but we need this information and it is going to be very important with regard to how a number of people on both sides of the aisle look at the vote for most favored nation status.

IMPORTANCE OF LEGISLATIVE AFFAIRS GROUP

Let me also concentrate on a budgetary item before I ask a couple of policy questions. Because I am the ranking member on the Foreign Operations Subcommittee and also an active member of this subcommittee, I have a chance to work with you and your shop in a number of different ways, and I want to tell you that I think that the legislative affairs group has done a good job. They have helped us in both my capacities.

I have always understood that in this committee and in the corresponding committee in the House that it is Selin's shop, the management shop, that most closely works with these two committees, and the legislative affairs group works secondarily. I reverse that role in Foreign Ops. We work first with legislative affairs and second with management. What I hope to make clear is that I think the House action yesterday was shortsighted and wrong. I am hopeful of, Mr. Chairman, that we will recognize the fact that the legislative affairs group, although they are not the primary group that we deal with here in this committee, are very, very important. I am sure that we will not agree with the reductions that were discussed at the subcommittee level and the full committee level over there—I am not sure which—but I think it is important that we recognize how important this communication is.

You are going all over the world, and you need to have people backing you up. That legislative affairs group is, along with Eagleburger, the people that do it, and they do it well, and we need them.

Secretary BAKER. Thank you, Senator Kasten, for saying that. Mr. Chairman, if I might, I certainly would make a plea here for full funding. The idea that we would cut the appropriations for the legislative affairs shop in the Department is, I think, very shortsighted. I mean, that shop handles a tremendous volume of work: in 1 year, over 70,000 pieces of congressional correspondence; it arranges, helps make arrangements for over 600 congressional trips involving over 3,000 travelers; we found we have sent out something like 10,000 cables; it fields over 100,000 congressional calls a year. So we need the money to continue to maintain that kind of a relationship and liaison between the Congress and the Department of State.

THE CENTER AND THE REPUBLICS

Senator KASTEN. Let me follow up with what Ted Stevens spoke about just a moment ago; namely, the relationships with the republics. Boris Yeltsin will arrive here next week. At the time of his arrival, he will be the first freely elected president of the Republic of Russia.

In addition to the currency questions, there are also passport questions; there are also many diplomatic questions which Senator Stevens touched on. In what capacity will Boris Yeltsin be received by the administration when he arrives here next week?

Is he arriving as the leader of a sovereign state or will he be arriving here, in our opinion, as an emissary of the Kremlin, of the central government?

Secretary BAKER. He will be received as the president of the Russian Republic, assuming he has been elected by then, because I don't think we should prejudge the election results unless you have already received them, which I haven't. I have been in a meeting all morning——

Senator KASTEN. I haven't received them, either.

Secretary BAKER [continuing]. At the White House, but he will be received as the president of the Russian Republic, just as the foreign minister of the Russian Republic has been received on a couple of occasions by me as the foreign minister of the Russian Republic.

Now, I alluded to the Nine Plus One Agreement that has been entered into between nine republics and the center. That is a very, very important agreement, and it shows that they are dealing with this issue and question of exactly what the relationships are going to be between the center and the republics.

It is necessary, in my view, at least, to solve that political question before you can satisfactorily resolve the economic problems, because people need to know where economic power resides. Does economic power reside exclusively with the center? Is it shared between the center and the republics? How much, what specifically do the republics have to say about it?

This is one of the problems that has impeded investment by the West in the Soviet Union, because people have not been able, heretofore, and as I say, this is a very positive development, but, heretofore, they have not been able to know specifically with whom they should deal in order to get an agreement respecting some sort of investment.

Senator KASTEN. I think that might get more complicated before it gets straightened out.

Secretary BAKER. It might.

Senator KASTEN. But, I was in Moscow working with a number of leaders of the republic, not only of Russia, but also the Ukraine. As you know, the Ukraine has a vote in the United Nations. Therefore, they also have an office in New York. A number of us were trying to encourage the people in Kiev to increase the visibility and the presence of that United Nations office, not make it an Embassy, but start to make it active in trade negotiations and increase the activities of their New York office. Likewise, we were trying to encourage the Republic of Russia and the leadership there to possibly think of establishing some sort of a trade office here in Washington, DC, so that there can be relationships between the United States of America and the republics as well as the relationship that goes up through the center.

These questions are ones that we are going to be working with and dealing with. None of the republics right now say they want to break away completely. There is some differences with some of the outside reform groups, but I think at the same time we are going to have to do more to recognize the leadership of these republics.

Secretary BAKER. There are six, I think, Senator Kasten, that have suggested that they would want to break away. Three of those, of course, are the Baltics, whose forcible incorporation into the Soviet Union we have never recognized. But I think what we are primarily interested in is seeing this reform process move forward in a positive fashion and succeed, because after all, they are moving toward the models that we have always embraced: Free market economic system and political pluralism.

So we shouldn't rely too much on symbols. What we really want are practical results, and if symbols move us in the right direction, fine; if they move us in the wrong direction, then we ought to steer clear of them.

INDEPENDENCE OF THE BALTIC STATES

Senator KASTEN. You mentioned the Baltics, and this Friday is Baltic Freedom Day. I think probably every member of this committee was a cosponsor of the measure which established this Friday as Baltic Freedom Day. Yesterday the White House issued a statement saying that the Bush-Gorbachev summit in Moscow is now likely to be postponed to late July. As a reuslt of difficulties in wrapping up the accord on reducing long-range nuclear missiles, it needed to be postponed.

Is it fair to assume, that because it was not mentioned, that Baltic independence is not a precondition for moving forward on the Moscow summit? And if not, why not? What kind of emphasis are you giving to Baltic independence in this overall mix as we are looking to the issues that are before us, the issues in which we continue to have interest?

Secretary BAKER. Senator, on the question of assistance, for instance, to the Soviet Union, to assist their economic reform and for the time being, whether it is financial or expressed in dollars or whether it is some other kind of assistance, you have to consider the political context, and one of the considerations in looking at the political context is the situation respecting the Baltics.

We have been very active over the past 2 years trying to get the center and the Baltic States to sit down and negotiate, through dialog, their differences. We continue to push in that direction, and we will continue to push. We have never made it a precondition for sitting down with the president of the Soviet Union, and it is not a precondition now. You know, even back in the days of Brezhnev, we used to deal with the Soviets on questions involving arms control and things like that which are very important at summits because it was in our national interest to do so, and we think it continues to be in our national interest to see if we can bring about a reduction of strategic arms, recognizing that many of those missiles over there are directed at us.

So that is important, that we continue to engage with the Soviets on those kinds of issues. The question of the independence of the Baltic States is very important to us. We have not and will not accept their forcible incorporation into the Soviet Union, but it does not and will not preclude dialog. In other words, we are not saying, "Before we will sit down with you the Baltics must have achieved their independence." We continue to push them to sit down and negotiate through dialog, peacefully.

Senator **KASTEN**. The more emphasis on that the better, from my point of view, and I think that is the case of many of us that sit on this committee.

Thank you, Mr. Chairman.

Senator **LAUTENBERG**. Thank you very much, Mr. Chairman. Mr. Secretary, congratulations also on coming to New Jersey for that recognition yesterday. [Laughter.]

Secretary **BAKER**. I was there when President Bush, a couple of weeks ago, got an honorary degree.

Senator **LAUTENBERG**. Did you visit anybody up there?

Senator **GRAMM**. Anybody that visits New Jersey gets one. [Laughter.]

Senator **LAUTENBERG**. I can imagine someone from Texas saying that. [Laughter.]

Anyway, Mr. Secretary, also congratulations on being a member of the class of Greg Sasser, Jim's son, who graduated with you yesterday.

Secretary **BAKER**. Thank you, Senator.

Senator **LAUTENBERG**. We congratulate you with Jim Sasser.

EFFORTS IN THE MIDDLE EAST

Also, Mr. Secretary, I wanted to say at the outset how much I respect the effort and the interest that you put in to try and resolve some of the problems in the Middle East. I hope you will not get discouraged but will continue to do what you are doing and what you are doing, not always agreeing with the tactic—let's keep the record straight—but the fact is I certainly do agree with the effort.

MFN STATUS FOR CHINA

I just want to first address the problem with China's MFN. When Brent Scowcroft went there in December 1989 my understanding is that he got pledges from China that they wouldn't sell middle-range missiles to them, at least at that time, at the present time then, China was not planning any sales of the M–9 missiles to Syria.

I assume that the administration would be unalterably opposed to sales of those missiles to Syria. Is that a fair assumption?

Secretary **BAKER**. Senator, we have made it clear that there would be potentially profound consequences for our bilateral relationship if they were to change the missile export policies that they might have represented to us.

As I said earlier, we don't have any evidence of any indication that M–9's or any other surface-to-surface missiles have been delivered to Syria. We have told them, as well, that we think that sending M–11's to Pakistan would constitute grave threats to the region and could have bilateral consequences.

So we are engaged with them to try and make sure they understand the depth of our feelings about these weapons.

Senator **LAUTENBERG**. Would your thinking change totally if we had evidence? You said we had no evidence to say they sold anything to Syria yet. If you did have that evidence, would that——

Secretary **BAKER**. I don't believe our thinking would change. I think we have made fairly clear to them the manner in which we regard this, but it is, again, a case of dealing with it in a manner best left to letting them achieve that.

POLICY WITH RESPECT TO SYRIA

Senator **LAUTENBERG**. Mr. Secretary, you made mention about the cessation of fighting in Syria and frankly, I have been very much concerned that we are giving too much of a friendly overture to Syria when they haven't, in my view, deserved it.

The fighting——

Secretary **BAKER**. Can I answer that, Senator?

Senator **LAUTENBERG**. Sure.

Secretary **BAKER**. Because I know that is your view, and again, I appreciate the comments you made earlier about our efforts. We haven't done a thing with respect to Syria except sit down with them and try and work on them to participate in the peace process.

Senator **LAUTENBERG**. In the Arab world, Mr. Secretary, you know better than most that symbolism becomes the matter of substance, in fact.

Secretary **BAKER**. True, but if I am going to follow your advice and stay engaged, we have to stay engaged with the parties that can make peace possible.

Senator **LAUTENBERG**. Right.

Secretary **BAKER**. And that is one; they are one of the fundamental players, so we have to stay engaged. But the point I want to make is: we have not changed our policy in any way with respect to Syria. We have engaged with them on the peace process. We are trying to push them just like we are trying to push, encourage other parties to participate. I will say, as I said at the hearing the other day when we had our exchange, that we still have differences with Syria on terrorism, big differences, but we are working on them, and we have engaged our counterterrorism experts and theirs to talk.

There has been—and any of our intelligence agencies would confirm this to you—a marked change in their approach to this issue as far as terrorism directed against the United States and Western European interests are concerned since they lined up on the same side we did in the gulf war.

Now, that doesn't excuse a different approach to terrorism where perhaps other countries are concerned, but——

ANTIBOYCOTT APPROACH

Senator LAUTENBERG. Especially out of Lebanon. I am sure that they have to understand our concerns about terrorism against Israel, and the capacity they have, I believe, to influence that terrorism that emanates from Lebanese soil.

Mr. Secretary, you are about to come upon the G–7 meeting, and the secondary and tertiary boycotts by the Arab countries against companies are effectively against American companies who would, if we weren't so determined not to, might be, might have been persuaded to participate in the boycott, but our companies and our country has been diligent about that.

However, there is a distinct loss of opportunity to those companies from countries that don't take the same view that we do, that aren't as stringent in their antiboycott approach.

So I wonder, when you go to the G–7, I have a letter going from here with some of our colleagues to the President requesting that that subject be on the agenda of the G–7 and to make it known—we have seen, I think, some evidence recently from some of our friends over there— but to make it known that it is in major American policy interests.

Secretary BAKER. Sure. We have raised this, as a matter of fact, Senator Lautenberg, with some governments that attended the OECD meeting recently concluded in Paris. We encouraged them to adopt antiboycott policies similar to our own.

You know, of course, that we have tried to interest Arab countries in committing to us at least a suspension of the boycott while any peace conference that might be convened was operative in exchange, as we, as I told you a couple of weeks ago, the other hearing exchange perhaps with some sort of a suspension of settlement activity on the part of Israel.

We even made the same kind of a proposal with respect to the state of belligerency, and we haven't received takers on either side, but we are going to continue to push those proposals because we think they make sense and we think that they can lead us toward progress for peace in the Middle East.

ISSUE OF SETTLEMENTS AND BOYCOTTS

Senator LAUTENBERG. Mr. Secretary, one of the problems that we have developed, and it just happens again, is where we equate the settlements that pose no threat to those countries to the boycott, which poses enormous threat to Israel, and if the Arab countries would simply say, "OK, we are going to stop that," then I think you can go to Israel very freely and say, "OK, these people recognize that you are going to be here; that America cares a lot about Israel;

that it is in our foreign policy interests," and then be able to go to Israel and start talking about other subjects.

But as soon as we level that off and we say settlements and boycotts are the same, virtually the same level issues, I think we have a problem. I think that the settlements issue and territorial issues all are fair subjects for discussion once it is established that the state of belligerency in its real effects is done away with.

Secretary BAKER. The problem, Senator, is you can't get people to the table if you require one side to take steps in advance of the other. So that is one of the problems that we are facing.

FOREIGN CONTRIBUTIONS IN RESPONSE TO PERSIAN GULF CRISIS

Senator LAUTENBERG. I will just, I want to ask, Mr. Chairman, with your indulgence, a question about burden sharing, because the Secretary and I had an exchange the other day at the Foreign Ops Subcommittee. You have said that our allies were making their pledge payments, and I quote you, "as agreed," unquote.

Does that mean that there is a payment of schedule for all of our allies?

Secretary BAKER. Differing agreements, Senator Lautenberg, and it is my understanding that we have now collected 78 percent of all of the pledges. In fact, I found it interesting to read that this is the first month that the United States has enjoyed a trade surplus since 1982, or at least a balance of payments surplus. It comes about as a consequence of the substantial sums of money that we have been receiving, but we have got 78 percent of——

Senator LAUTENBERG. But is that on the formal schedule? Is that something that the contract or agreement that has been put in writing between our countries?

Secretary BAKER. I don't think it has been put in writing, but we had certain agreements, and they vary.

Senator LAUTENBERG. You say payment schedule, Mr. Secretary.

Secretary BAKER. They agreed to pay according, but they agreed on a varying basis. For instance, Germany has paid everything.

Senator LAUTENBERG. Right. But it is interesting to note that—I don't have the precise figure—78 percent has been paid. I can tell you this: 90 percent of what hasn't been paid is owed by Kuwait and Saudi Arabia, which is interesting, after the efforts that went in to protect those countries from total demolition, that we are still fiddling with these folks to try to get to the point of it. And we have looked very hard, and if there is a schedule, Mr. Secretary, if your Department could oblige by sending it over?

Secretary BAKER. What I said was that we agreed with various countries that they would pay at different times, different rates, and in different ways. Just so the record is clear, we obtained pledges of $54.5 billion; we received $42.8 billion. That is 78 percent of the pledged amount. I know you may disagree, Senator, but I happen to think it is a remarkable achievement, considering that a large portion of these pledges were made in late January. This is the first of June.

Virtually all of the funds pledged by Germany and the UAE have been paid. Kuwait has paid $8.6 billion of the $13.5 committed, and by the way, don't forget the fact, they are not earning any oil revenues.

Senator LAUTENBERG. They have got good bargaining capacity.

Secretary BAKER. Yes; but they have had to do it in a manner that doesn't affect markets. They have had to sell assets, and they have been doing it. Saudi Arabia has paid us $10 billion of the $13.5 billion, and we anticipate a large payment at the end of June.

Senator LAUTENBERG. $16.8 billion was their original pledge.

Secretary BAKER. No; $13.5 billion for 1991. You may be thinking about including the 1990, and they have paid that as far as I know. They are going to give us another big payment in June. We are really doing very, very well.

Senator LAUTENBERG. I would say this: If you were the doctor who saved my kid's life, I sure wouldn't be holding up your bill, Mr. Secretary. I would put cash up in advance if I knew that was going to be the outcome.

Red Adair yesterday——

Secretary BAKER. I don't think they are holding it up.

FIRES OF KUWAIT

Senator LAUTENBERG. Red Adair yesterday testified before the Environment Committee, talking about the effort to put out the fires, and he said, "Kuwait", and I am not sure whether he used the term penny-pinching, but it could have been that close, "is looking for the cheapest way to do these things while the environment halfway around the world is being spoiled by those fires."

We haven't gotten democracy; we haven't gotten, in my view, the kind of gratitude that reflects our work.

Senator HOLLINGS. Thank you.

Senator Bumpers.

Senator BUMPERS. Thank you, Mr. Chairman.

Mr. Chairman, if you will indulge me, I am the next to the last person to get to ask questions, and I walked in 2 feet ahead of Senator Gramm.

Senator GRAMM. It is better than being the last, Dale.

Senator BUMPERS. I feel like the guy who is going to deliver a graduation speech and he never made a speech before, so he just memorized "Ode to A Primrose." It was very long. He got to graduation and the valedictorian got up and said, "Instead of delivering the traditional valedictory address tonight, I have decided go just recite 'Ode to A Primrose.'"

This guy's heart sunk, but he didn't know what else to do, so he just got up and recited it again. A couple was walking out after it was over and the woman said, "What did you think about that speaker?"

And he said, "Well, he isn't much of a speaker, but he has got a hell of a memory." [Laughter.]

About everything I can think of that I wanted to ask has been asked here, so it will sound like I have got a great memory.

ARMS SALES

Mr. Secretary, I notice President Mitterand took you to task this morning for your foreign policy. He called you arrogant because of our apparent inability to get Israel to the peace conference table, but let me just say that Senator Sasser hit on the thing that is most important to me personally, and I think ought to be the linchpin of our foreign policy as well as our military policy, and that is these arms sales, particularly, Third World arms sales.

On May 29, here is what President Bush said. "Halting the proliferation of conventional and unconventional weapons in the Middle East will require the cooperation of many states in the region and around the world."

And then 1 week later Secretary Cheney announced that we were going to sell 20 Apache gunships to the Emirates; 8 to Bahrain; that they were considering selling 337 M–1 tanks and 160 Bradley fighting vehicles to the Emirates, which total, counting the Apaches, more than $2.1 billion.

On March 6, President Bush, when he addressed a joint session of Congress, said, "It would be tragic for the nations of the Middle East and the Persian Gulf who are now in the wake of war to embark on a new arms race."

One day later he asked the Export-Import Bank to break a 17-year policy of not financing any arms sales to foreign countries. And I must say, Mr. Secretary, some of this is pretty confusing.

After one of those statements, Secretary Cheney announced that we were prepositioning equipment in Israel and that we were imploring the Saudis to allow us to preposition equipment on their soil. As Senator Sasser said, our weapons last longer than our friendships, and to quote an example, I have been told, rightly or wrongly, that a lot of those tracers you saw going up in Baghdad the night the air war started were guided by radars sold to the Iraqis by South Africa, which had originally acquired them from the United States.

The other problem I have with all of this, Mr. Secretary—and as I say, I am sensitive to repeating what has been said, and I know you know all of this as well as I do—we have a tendency to sell, for example, to the Kuwaitis 300 Hawk missiles. I didn't get a chance to vote on that, but if I had, I would have voted no. Of course, that was the first thing Saddam laid his hands on when he invaded Kuwait, 300 Hawk missiles, 20 batteries.

Then we had sold King Hussein 300 Hawk missiles also, and Saddam didn't know how to use his, so King Hussein began to send his people to Iraq to teach them how to use their Hawks. If Saddam had invaded Bahrain, he would have picked up a lot of Stinger missiles, which we had sold them, and obviously, there would be a lot more American pilots dead today.

You can go on and on with this, but I think that the President, if he really wants to improve on his already rather astronomical popularity rating in this country, it would be to say that we are going to take the lead in stopping the proliferation of conventional weaponry, especially in the Third World countries, and really mean that and for the President to say to the Congress, "I'm serious as I can be about this."

Based on the speeches I have been making, commenting on this issue in the last couple of months from Hawks, Doves, and those in between, it always draws tremendous applause.

Now, so far as China is concerned, I think China is one nation that we have less effect on as far as their internal politics and their foreign policies than almost any nation in the world. They are very intractable. I was very pleased to hear you say awhile ago that you had expressed, I guess in diplomatic terms, that we would be gravely concerned about sales of any new long-range missiles by them. Let me just go a little step further. Would you recommend to the President that we withdraw most-favored-nation treatment with them if they sell these weapons to virtually anybody, regardless of whether it would be destabilizing? It certainly would be in the Middle East.

Secretary **BAKER**. The President has announced, as I indicated to Senator Sasser, a very, very comprehensive proposal on weapons of mass destruction, which includes missiles, surface-to-surface missiles having any kind of substantial range at all in that initiative.

So that would run counter to the initiative that we will be seeking to promote. It wouldn't be appropriate, I don't think, for me to tell you what my advice to him would be in advance of giving it to him. Let's see what happens. I think I have answered the questions here with respect to our view of these things.

PREPOSITIONING OF EQUIPMENT

I don't think either, if I may say so—you didn't ask me this, but let me say, that I am not sure prepositioning, in order to prevent another situation from the gulf like the one we just had to go and clean up, is the same as selling new arms. Prepositioning of equipment is for our use in the event we ever have to go back into the Persian Gulf; prepositioning is for the United States, and we do have a vital interest in the gulf. That is one that is not going to end; it has not ended. It is just going to make it a lot easier for us, if we ever had to do it again, to do it without shipping as many things all the way over there.

Senator **BUMPERS**. Mr. Secretary, I think your point is well taken to an extent, but let me just ask you this question. What if we had had prepositioned equipment stationed in Kuwait?

Secretary **BAKER**. If we had had propositioned equipment, that is one I can't answer, because who knows whether or not we could have gotten to that equipment before it would have been gotten by somebody else? But we wouldn't have had prepositioned equipment, I don't think, in Kuwait without having a lot better ability to protect it from all that is likely to happen.

Anyway, Saudi Arabia and Kuwait are a little bit different, Senator, and I certainly think Israel is clearly different.

Senator **BUMPERS**. Let me just make this comment: We still have not given full MFN status to the Soviet Union.

Secretary **BAKER**. That is correct.

SOVIET UNION, CHINA, AND MFN STATUS

Senator **BUMPERS**. One of the things that troubles me about China, I must confess to you. I don't have a very strong feeling about that, but I think if it comes up for a vote simply to say that we still ought to take a dim view of human rights violations in China, particularly at Tiananmen Square, I will probably vote against the President on MFN status if we vote on it, and I guess we are going to. I must tell you, it is not a big deal with me one way or the other. The thing that concerns me is that I think we are using a double standard here.

Here is the Soviet Union, who seem to be making an honest effort. It is admittedly a halting effort at times, but they are trying to improve their human rights situation. I think our suggestion of them about not using force against the republics has had a very telling effect on them.

I think under normal circumstances they would have used a lot more violence in the Soviet republics. And so we do seem to be having some influence on them, and yet we have refused consistently to give them MFN treatment.

I don't mind telling you I would give it to them right now, tomorrow. What is the reluctance to do that?

Secretary BAKER. It was the absence of a trade agreement, primarily. That has now been agreed to, for the most part. It would be my guess, Senator, that you wouldn't see any so-called double standard continuing, although the President has not made a decision yet, to ask for it or to send that trade agreement up.

I think there has been more change in China that you might believe, but whether there has been or not, you know, at least now we have a human rights dialog; they engage with us. Instead of saying, "This is an internal matter for the People's Republic of China; we are not even going to talk about it," we talk about Tibet. The President saw the Dalai Lama when he was here. There have been a number of people released we talked about, whom you are familiar with, with getting Fang Lizhi out.

There have been some things done on the human rights side. We weighed in with them on proliferation; we have taken some sanctions action on trade. Nobody gives any credit to the fact that these actions have already been taken, and so we are going to end up here. We are going to have a big, high-visibility, high-level political debate here on something that really is not—really shouldn't be, but that is the way—I agree with you—that is the way it is going to develop, and I think it would be a terrible mistake for us, on the grounds that you can do more with people when you are engaged with them than you can when you cut them off. It would be a terrible mistake, in light of everything we have already done, to cut off MFN for China. The Chinese students don't want to see that. They support MFN.

Senator BUMPERS. I had not heard that before today.

Secretary BAKER. Yes, sir.

Senator BUMPERS. That is absolutely true?

Secretary BAKER. The majority of them, in my opinion, support the concept of continued MFN for China. Why? Because it helps the reformers in China, and it helps those in China who have been pushing to move to free market economics. You know, people forget; we still vote against loans to China in the international financial institutions except basic human needs loans. We have cut off OPIC to China; trade development programs cut off; weapons sales; munitions lists. All of those sanctions we put on in the aftermath of Tiananmen Square are still there.

But you know how these political debates develop. That is not enough. We have got to do something more. Well, I am just going to tell you, it is counterproductive. It will be counterproductive if we do it. I know, I can count just as well. I have been around here 11 years counting votes, and I know what the situation is, but I am telling you from a foreign policy standpoint, it is not in America's interest.

Senator **BUMPERS**. Mr. Secretary, let me just congratulate you on finally inviting Gorbachev to the G–7 meeting. I think that is a very appropriate thing. I started to call you one day just to put my two cents' worth in on that, because I thought we ought to do it.

REQUESTS FOR BIRTH CONTROL AID FROM OTHER COUNTRIES

Let me just ask you this last question: Do we, in our foreign aid appropriations, and I should ask somebody on our side, I guess, about this. Do we have, do we get many requests for birth control aid from countries in Africa and other nations?

Secretary **BAKER**. I can't answer that, Senator. I would be glad to take the question and send you a detailed answer for the record. I am not sure that we do, because I think they know what our policy has been.

Senator **HOLLINGS**. Probably it goes through the United Nations and population control, Hoffman, Paul Hoffman.

[The information follows:]

FOREIGN REQUESTS FOR BIRTH CONTROL AID

We receive numerous requests for family planning assistance from countries in Africa and elsewhere in the developing world. When AID first began its support for family planning programs, only 9 countries in the developing world had policies favoring lower rates of population growth. Today, 68 countries, including 30 in sub-Saharan Africa, favor slowing population growth and 115 countries actively support family planning for health or demographic reasons. These policy changes have been accompanied by an increased demand for population assistance.

AID has responded by supporting bilateral population programs in 37 countries worldwide. AID's Office of Population extends support for population activities to an additional 66 countries, bringing the number of countries receiving AID population assistance to 103. In Africa, AID population assistance is currently extended to 36 countries including bilateral and regional programs. This includes 16 countries which have bilateral population programs and 4 countries for which new bilateral programs are under development.

FROM BEIRUT TO JERUSALEM

Senator **BUMPERS**. Mr. Secretary, have you read Tom Friedman's book "From Beirut to Jerusalem"?

Secretary **BAKER**. Yes.

Senator **BUMPERS**. Good.

Senator **HOLLINGS**. Thank you.

Senator Gramm.

Secretary **BAKER**. Senator, these folks behind you that travel with me have probably all read it, too.

Senator **BUMPERS**. I hope everybody has an opportunity to read it.

Senator **HOLLINGS**. Senator Gramm.

CHINA AND MFN STATUS

Senator **GRAMM**. Mr. Secretary, let me begin by saying that I have listened to a lot of arguments over the last couple of weeks on the whole China issue.

I think one can make a very strong and compelling intellectual argument for engagement; I think one can make a very strong, intellectual argument for confrontation.

I guess where I am coming down is that the President of the United States is the legitimate expert in this area. He was the leader that we sent to begin the engagement when we opened up our new relationship with China. He believes that we ought to follow the policy of engagement. I think it is a very close call, but my view on a close call like this is that we ought to go with the President who is the legitimate expert in the area, and so I am going to be voting with the President on this issue. I think a lot of people have forgotten the fact that we were the first to condemn the Chinese on the Tiananmen Square deaths. We are the last to have sanctions still in effect against them.

So far as I know, no other country has them. Certainly no other country is contemplating, going farther by adding trade barriers, which is what we are getting ready to vote on doing.

Secretary **BAKER**. That is right.

Senator **GRAMM**. So I think it is a close call. I am not positive who is right. I know that the President feels strongly about it, and the President knows a lot more about it than I do, so I am going to give him the benefit of the doubt.

STRAUSS NOMINATION TO SOVIET UNION

I want to congratulate you on the appointment of our friend and fellow Texan, Bob Strauss, as Ambassador to the Soviet Union.

Senator **BUMPERS**. I will add my two bits to that one, too.

Senator **GRAMM**. I know there were some partisan cynics who said it was a cabal to get the only smart Democrat in the country out of the country during the election. [Laughter.]

And then there were equally smart aleck Republicans who said that Bob had all this experience trying to convince the Democrats to change their economic policy and it would be easier to convince the Russians to change, therefore, appointing Bob was a good choice.

But the bottom line is that at a time when we want to have a strong spokesman, someone that is a friend to the President, someone who has strong support and confidence in the Congress, I think it was an enlightened appointment, and I want to congratulate you for it.

MOSCOW EMBASSY

Let me say a little and give you my view about the Moscow Embassy. I think that you have got a few more unrealistic expectations in the State Department then to think Congress is going to reach an agreement about the Embassy. But let me tell you my own feelings about it.

Secretary **BAKER**. Hopes, hopes, Senator Gramm, not necessarily expectations.

Senator **GRAMM**. I don't believe in building a building and tearing it down, and my own view is that we are ingenious enough to come up with a way to use the building, turn it into a gym and let the Russians listen to the Marines grunt. There is bound to be something we could do with that building, and my own feeling is we ought not tear it down.

I think part of tearing it down is sort of this idea that we are going to spite the Russians for outsmarting us. That is just my opinion, for whatever it is worth.

RIO GRANDE RIVER PROJECT

I want to thank you for continuing our effort to clean up the most polluted body of water in North America, and that is the Rio Grande River. We have a joint program with Mexico as, of course, you are aware, but many members of the committee may not be. It is a relatively small program. We are talking about $9.1 million, but the idea of working with Mexico to clean up the environment on a joint funding basis is something that we ought to be doing more, with free trade hopefully on the way and I want to congratulate you.

FUNDING FOR TV MARTI

The final point, and I just want to throw it out as a question, with this observation. I was distraught that the House, for all practical purposes, terminated TV Marti, and my view is that it would be a great tragedy if we ended up with this tidal wave of freedom washing over the world and leaving Fidel Castro undrowned.

Secretary BAKER. I think it was put back in in full committee.

Senator GRAMM. Oh, was it?

Secretary BAKER. Yes, sir.

Senator GRAMM. Well, God bless them. I wanted to give you an opportunity to tell us how important it is that we do what is necessary to spread truth and hope to Cuba.

Secretary BAKER. It is, indeed. We wanted to see it voted in subcommittee, and we are delighted to see it put back in in full committee.

Senator GRAMM. I assure you it will be strongly supported here. Thank you, Mr. Chairman.

UNITED NATIONS AND KASSEBAUM AMENDMENT REFORM

Senator HOLLINGS. Well, that is fortuitous, because we have got a rollcall vote, and you can make your appointment. With respect to the United Nations, of course, they have not adhered to the Kassebaum amendment reform. They have not done consensus budgeting. We don't have our proportion, by any manner or means, even near quota in employees, and that is why we have certain misgivings still about the United Nations.

MFN STATUS—CHINA AND SOVIET UNION

With respect to China and all, I notice you used the expression cut off every time we talked about the MFN status. With China they would have felt to have been cut off, but not for the Soviets. When you don't have most favored nations for the Soviets, you don't consider them cut off; you are inviting them to come to London.

Secretary BAKER. We are moving toward MFN with the Soviets, though, Senator, and what we are debating is moving away from it with respect to the Peoples Republic of China. And MFN is not all that special. I mean, there are not that many countries with which we do not have MFN.

MOSCOW EMBASSY

Senator HOLLINGS. We are not going to leave the security of our facility there in Moscow to a flip of the coin. I just hope you will adhere to the policy you adopted in the submission of your budget and that the administration has endorsed for years.

MIDDLE EAST SITUATION

And then just one last thought, and maybe your comment, because we all know from a standpoint militarily the United States had a tremendous victory in Operation Desert Storm. But looking at it from your standpoint, the State Department, if I were in a political science class and asked, "What did we win in the gulf?" We have still got Saddam Hussein in power; we have had to adopt the Kurds; we have strengthened Iran; down in Kuwait the Emir waited until they established room service before he returned with his 41 wives and promptly closed down the press. The torture and the rape of Saddam continues under the Emir just read the morning paper.

Saudi Arabia, you and I had hoped to Arabize the gulf and with a Syrian-Egyptian security force. They refused it and refused to really sit down and talk peace. Where is the end? They will talk environment but not peace.

We lost $7 billion to the Egyptians. When we look at Syria, I remember specifically what a Princeton scholar told me way back when the President was calling Saddam Hussein a Hitler. I said, "Now, wait a minute. If you had to compare Assad of Syria and Saddam, Iraq and had a contest—who would win out as the Hitler?" And he said, "Fritz, you forgot about Qaddafi," and Libya—he would be the Hitler and Assad of Syria would be the Stalin, and Iraq's Saddam is the buffoon—he would be the Mussolini.

Now we have given Stalin bigger Scud missiles; we, gave him $2.6 billion, and he promptly ordered from North Korea bigger Scuds and bigger chemicals. Well, we got rid of them there, and they are not talking peace.

We left Jordan as a basket case; Morocco was almost ready to leave the coalition. I could keep going on down the list. It looks like we have got a new world disorder. Mr. Secretary, what did we win?

Secretary BAKER. What we did, Senator, was mobilize the international community to make it clear that unprovoked aggression by a big country against a little one isn't going to stand up. We did it, and it was because of——

Senator HOLLINGS. But, aggression by a big country against a little one is going on in the Baltic republics right now. We carried Lithuania down as an independent republic and it is standing up to the Soviets. So are Latvia and Estonia.

Secretary BAKER. It didn't take. It happened in 1940, and what we are saying is that kind of thing is not going to be permitted as far as we are concerned. We made the case and we made it very well and very forcefully, and I think the American people, Senator, are proud of what we did.

Senator HOLLINGS. Militarily, no question. I agree.

Secretary BAKER. I don't think they denigrate it at all, and we shouldn't denigrate it, because diplomatically and militarily, we accomplished quite a bit. We marshaled the United Nations, the Security Council, the entire international community. We destroyed Iraq's military capability; Iraq, which constituted the greatest threat to the security of the Persian Gulf, and indeed, the greatest threat to Israel's security, gone; military threat destroyed.

We did liberate Kuwait. That may not be the optimum type of regime. It doesn't follow our standards, and it is not a full-fledged democracy, but they are going to hold elections. They are talking about giving women a vote, something that, 1 year or so ago, if you had suggested Kuwait was going to do, people would have thought you were crazy. We liberated that country; we protected our vital interests in the gulf. We have gulf Arab countries, for the first time ever, agreeing to sit with Israel in multilateral negotiations. If people say, "Well, that's not so significant." I think it's very significant; never has happened before. It happened because of what happened down there in the gulf. Now, that doesn't get us to the peace table. We have to do a lot more. But the last thing I would say is that I don't think we should lay at the feet of the United States the basket case description for Jordan. Jordan went the wrong direction in this conflict.

Senator HOLLINGS. They went with their people. You and I know that.

Secretary BAKER. They did go with their people.

Senator HOLLINGS. Right, and that is sort of our fundamental policy, isn't it? Democracy, going with our people.

Secretary BAKER. That is what we do, too.

Senator HOLLINGS. Right.

Secretary BAKER. Right.

Senator HOLLINGS. I appreciate it very much; the committee appreciates very much your leadership and appearance here. Thank you a lot.

Secretary BAKER. Thank you very much.

[CLERK'S NOTE.—The following statement was received subsequent to the hearing from William P. Fuller, president, the Asia Foundation, which will be inserted in the record at this point.]

STATEMENT OF WILLIAM P. FULLER, PRESIDENT, THE ASIA FOUNDATION

Mr. Chairman and Members of the Subcommittee, I am pleased to have a chance to provide you with some information about The Asia Foundation background and purpose, as well as to review the changes underway in the Asia-Pacific region that are creating new opportunities for the Foundation and its Asian-Pacific partners.

As a private American grant-making organization, The Asia Foundation has served for 37 years as an important link between the United States and the Asia-Pacific region. It is a partnership of Asian and American interests, supported by the public and private sectors on both sides of the Pacific. Throughout the region, the Foundation works with both government and non-governmental organizations, representing a wide spectrum of interests. The Asia Foundation has the stature, infrastructure, access, and expertise to carry on a wide range of programs in response to Asian-Pacific initiatives.

In the short period since I became President of the Foundation in July of 1989, requests for Foundation assistance have by far surpassed our resources. Throughout the region, there has been a remarkable growth of interest in the Foundation's priority program areas: (1) Democratic institutions and expanded participation in public life; (2) Open economies and trade regimes; and (3) Effective regional communication and close U.S.-Asian relations.

The Asia Foundation's mission is to encourage and support these initiatives throughout the Asia-Pacific region. Its programs span 28 countries, managed from a network of 12 field offices and our San Francisco headquarters. From Korea to Pakistan, and from Mongolia to Tonga, the Foundation has worked with local institutions to encourage representative government, free and fair elections, the rule of law, respect for human rights, freedom of information, economic reform, and regional cooperation. Over the years, the Foundation has supported almost every national parliament, supreme court, judicial training institute, and press institute in the region, along with a wide array of professional associations, citizens' advocacy groups, and other non-governmental organizations. These institutions and organizations are essential to democratic processes.

The region in which the Foundation operates is vast and complex, and it is of vital concern to the United States. In the wake of the Gulf War and the dramatic changes in Eastern Europe, the Asia-Pacific region has rarely been in the limelight recently. No one can minimize the importance of other geographic regions for the United States, but we cannot overlook the extraordinary importance of Asia and the Pacific.

This region represents about half of the world's population, a fifth of its land mass, and a fifth of the global GNP. Asian-Pacific economies are growing faster than any other region. Ten years ago Asia and the Pacific eclipsed Europe as the largest and fastest growing U.S. trading partner, and the ties between U.S. and Asian markets are growing stronger every year. There are important security issues in the region in the post-Cold War period, including the fate of U.S. bases in three countries and the role of regional powers that have, or are developing, nuclear-weapons capabilities. We are also tied to Asia in other ways: The United States has fought in three major wars there in this century, and immigration makes Asians and Pacific Islanders one of the fastest growing groups in the United States, with an 80 percent increase from 1980 to 1989.

In this increasingly interdependent world, the interests and future of the United States are closely linked to those of the Asian-Pacific region. Democracy and economic reform are gathering momentum from one corner of the region to the other, including in such unlikely places as the Mongolian People's Republic, a Leninist state that had been under Soviet domination for 70 years, and Nepal, an absolute monarchy until last spring. The paths toward democracy have taken as many directions as there are cultures in the region, and gains have not been without a struggle. There are enormous challenges and needs for encouragement and support. The Foundation's funding request for fiscal year 1992 is based on the need to maintain this momentum and to preserve the ability to respond quickly to new developments as change takes hold in the region.

THE FOUNDATION'S BUDGET REQUESTS FOR FISCAL YEAR 1992

The annual General Grant from Congress, authorized by The Asia Foundation Act of 1983, is a key contribution to the Foundation's core activities; it gives the Foundation the flexibility to pursue projects that are consistent with long-term U.S. interests in the region. The General Grant also provides a base from which the Foundation can leverage contributions from other sources, such as corporations, foundations, and individuals.

The Administration's fiscal year 1992 budget request is $15.367 million, an increase of $1.389 million over the fiscal year 1991 appropriation of $13.978. The Foundation originally requested $18 million for fiscal year 1992. Increased funding will permit the Foundation to respond to some of the new opportunities that are developing for Foundation involvement in the Asia-Pacific region. A number of factors underlie the request for additional funds for fiscal year 1992.

CHANGES UNDERWAY IN ASIA AND THE PACIFIC ISLANDS

This is a time of change and a time of hope for the countries of the Asia-Pacific region. Aspirations, priorities, and relations are being reshaped by the economic boom of the late 1980's, increasing economic and trade interdependence, the end of the Cold War and the growing demand for democracy—partly spurred on by changes in Eastern Europe and the Soviet Union. In many Asian-Pacific countries, a process is underway that promises to give millions of people unprecedented choice and voice in the economic, social, and political systems in which they live. These transitions are by no means smooth or rapid, and there are bound to be setbacks as countries struggle to build democratic institutions and manage processes for which there is little precedent. Here are some recent examples of change in the region:

—Following pro-democracy protests last Spring, the government of Mongolia took steps to transform the communist state and command economy by permitting the creation of political parties, holding the nation's first multiparty elections, revising the constitution, and reforming the economy to encourage foreign investment.

—Pro-democracy protests also led to major changes in Nepal, which reintroduced political parties, promulgated a new constitution, and set elections for 1991.

—After years of isolation, Laos is taking steps to liberalize its economy and integrate it with regional and international markets.

—In contrast to these positive steps, in China reforms and gains prior to Tiananmen have been set back and a military government is in power again in Thailand.

In addition to these country-specific changes, overall U.S.-Asian relations are increasingly affected by trade and economic issues. The rapidly growing Asian-Pacific economies represent the best prospects for U.S. exports for years to come, yet obstacles remain to trade and foreign investment in many countries.

THE FOUNDATION'S RESPONSE TO OPPORTUNITIES IN ASIA AND THE PACIFIC

For almost four decades, the Foundation's programming has made a difference in the development of key institutions throughout the region. In the last decade, for instance, Foundation programs have made steady and significant progress in promoting representative government in a dozen countries. These programs include support for voter education campaigns and fair election processes in Taiwan, Korea and Nepal; training programs for legislative staffs in Indonesia, the Pacific Islands, and the Philippines (using the U.S. Congressional Fellows Program as a model); legislative information and research services in at least five countries; and opportunities to observe U.S. electoral and legislative processes for key officials of such diverse systems as Mongolia, Bangladesh, Japan, and nine Pacific Island nations.

Consultants and training in judicial education and administration have helped almost every country in the region improve court management, upgrade judges' knowledge and skills, develop alternative dispute resolution mechanisms, provide legal aid and referrals, protect human rights, and develop public education campaigns on legal rights and responsibilities. For example, as a result of foundation support, over 70,000 disadvantaged Filipinos benefitted from legal literacy programs and legal counseling. Millions of Indonesians watched a series of televised legal literacy programs, one of which was nominated for the Indonesian equivalent of the "Emmy" award in November. Judges in Pakistan, Bangladesh, Sri Lanka, Nepal, the Philippines, and Korea were able to update and expand their knowledge of the law and court administration through Foundation-supported training institutes.

The Foundation has encouraged economic reform and an improved trade and economic climate through technical assistance, seminars, and training in such areas as the formation of capital markets, intellectual property rights, and trade. It has also promoted more open trading systems through the 15-nation Pacific Economic Cooperation Conference (PECC). The Foundation-supported Pacific Economic Outlook, an annual forecasting survey of PECC members, is now used as a planning document by such organizations as the Asia Pacific Economic Cooperation.

Throughout the region, the Foundation has helped create and strengthen a wide range of non-governmental organizations that encourage broad participation in public life, serving as intermediaries between the authorities and the disadvantaged and disenfranchised. These organizations deal with a wide range of public-interest issues, including environmental protection, human rights, the status of women, and consumer advocacy. For example, the Bangladesh Society for the Enforcement of Human Rights (BSEHR) has received Foundation support to expand its branch offices and provide legal assistance, mediation, and referrals. The BSEHR program has taken action on over 5,000 cases, 2,800 of which went to court and over 2,000 were resolved. With Foundation support, the Korean Legal Aid Center for Family Relations (KLACFR) has created a network of women's legal-assistance centers around the country. KLACFR is credited with marshalling support for a revision of Korea's family law to protect women's rights at home and in the work place.

The Foundation has consistently supported leadership development through training in the United States and in the Asia-Pacific region. Hundreds of former grantees are now in positions of authority and influence in their societies, and they often attribute their success and international perspective to this training.

The Foundation's impact is in part a reflection of its field presence and the extraordinary access its expert representatives have developed with principal players in governmental and nongovernmental organizations throughout the countries in which it works. The Foundation's infrastructure could not be easily duplicated by other organizations.

THE ASIA FOUNDATION'S PROGRAM PLAN

Asia Foundation programs reflect a long-term investment in the development of Asian-Pacific institutions and leadership. Political, economic, and social changes are often slow and incremental, even under the best of circumstances, and support must be sustained to produce significant and lasting results. As I have pointed out, the recent accelerated pace of change in the region has created new opportunities for well-designed assistance projects.

Let me briefly recap the Foundation's priorities for fiscal year 1992, which underlie our request for additional funds. First, the Foundation will deepen its current support to democratic transitions, in order to achieve lasting results. This will include assistance to strengthen parliaments, independent judiciaries, free and responsible media, and human rights in such countries as Indonesia, the Philippines, Korea, Taiwan, and Bangladesh. Particular attention will go to promoting human rights and to voter education programs in countries preparing for major national and local elections in 1992. In light of growing interest in Foundation assistance in nine independent nations in the Pacific Islands, the Foundation opened a new regional office in Suva, Fiji. Priority programs under the direction of our new resident representative in the Pacific Islands will include support for democratic institutions, legal training and assistance, and training for diplomats.

Second, the Foundation will support efforts to promote economic reform and more liberalized trade and investment environments. Economic issues will strongly influence the U.S. foreign policy agenda and U.S.-Asian bilateral relations in the 1990's. They will also influence the nature of political relations in the region. Projects the Foundation will support in Indonesia, the Philippines, Thailand, and Bangladesh, for example, will include conferences of business and government representatives on steps to economic policy reform, and efforts to strengthen the legal underpinnings of economic reform, such as through commercial codes, alternative dispute resolution, environmental law, and intellectual property rights.

Third, the Foundation will support Asian-Pacific initiatives to promote better communication and closer cooperation in bilateral and multilateral relations in the region. Regional cooperation and security remain a high priority in an atmosphere marked by uncertainty and competition for resources. The end of the Cold War and the cease-fire in the Persian Gulf have raised a host of issues concerning regional cooperation, security, and the future role of the United States. The Foundation's Center for Asian-Pacific Affairs plans to expand its program of conferences, seminars for young leaders, and discussions of economic, political, and security issues of broad interest, including democratization in Asia, long-term economic trends, U.S.-Japanese relations and their impact on the region, and the changing Asian-Pacific security agenda. The Center will also continue its collaboration with the PECC on the publication of the Pacific Economic Outlook. The Foundation's Regional Program will also support selected activities of regional professional associations, some of which have been formed under the aegis of organizations such as the Association of Southeast Asian Nations.

Fourth, the Foundation will expand its newly developed programs in Mongolia, Nepal, and Laos to encourage further democratization and economic liberalization. In Mongolia the Foundation will support efforts to draft a new constitution and develop the new legislature. Projects will be initiated to strengthen the judiciary and to strengthen the media as an objective source of information. Following national elections in Nepal this year, the Foundation will begin implementing a five-year development plan designed by a Foundation consultant for the country's new parliament. Foundation assistance will also expand to a range of non-governmental organizations concerned with human rights, the status of women, and environmental protection. In Laos, the Foundation will deepen its support for public and private institutions pursuing economic liberalization, including the Central Bank and the new Lao Chamber of Commerce.

Looking ahead, the Foundation will review its experience in Mongolia and Laos to see if there are lessons that could be applied at an appropriate time to work in other Leninist states, should they show interest in democratization, economic liberalization, and greater integration with their Asian-Pacific neighbors and the United States. A year ago this might have seemed a pie-in-the-sky exercise, but today there are signs of change in Vietnam, and discussions are underway between North and South Korea. The Soviet Union, which has the longest coastline in the Asian-Pacific region, is seeking a more active role in Asia through participation in the Pacific Economic Cooperation Conference and other regional fora. The Foundation is also prepared to react quickly if settlements bring peace and reconstruction to Cambodia.

THE FOUNDATION'S STRENGTHS

The Asia Foundation is well prepared to respond to the needs of changing institutions and societies in the Asia-Pacific region. The Foundation has an established infrastructure throughout the region, with longer presence in more countries in the Asia-Pacific region than any other American grant-making organization. Its expert American representatives, experienced local staff, and private status give the Foundation excellent access to key players in governmental and non-governmental organizations alike.

Since its creation in 1954, the Foundation has also developed ways of maximizing results with minimal resources. It is a lean and efficient organization with a low indirect cost rate. It magnifies the impact of U.S. government funding with contributions from corporations, foundations, and individuals. The Foundation produces tangible results, complements other U.S.-funded programs, and often provides an American contribution in program areas that are not accessible to U.S. government agencies or other donors.

COMBATTING THE EFFECT OF INFLATION

Before concluding, let me say that The Asia Foundation is not immune to the effects of inflation and the declining value of the dollar. On the contrary, inflation is a double whammy for organizations working overseas: It boost the Foundation's institutional costs while undermining the value of our grants overseas. This problem has been particularly difficult for the Foundation in the last four years, during which the level of our General Grant has remained essentially flat, varying between $13.7 and $13.978 million.

CONCLUSION

The United States is at a crossroads in its relations with the Asia-Pacific region, an area of vital concern to us all. Having urged the people and governments in the region to take the road to more open and democratic societies, we should now help support these efforts. The Asia Foundation is a trusted partner along this difficult route. While a private, independent organization, the Foundation's program priorities for fiscal year 1992 are consistent with U.S. foreign policy objectives of promoting democratic values and processes, encouraging economic reforms, and strengthening the security and stability of our regional partners.

CONCLUSION OF HEARINGS

Senator HOLLINGS. This will conclude the scheduled hearings before the Commerce, Justice, State Subcommittee for fiscal year 1992.

If there is nothing further, the subcommittee will stand in recess subject to the call of the Chair.

[Whereupon, at 12 noon, Wednesday, June 12, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

Material Submitted Subsequent to Conclusion of Hearings

[CLERK'S NOTE.—Due to the subcommittee's schedule, nondepartmental witnesses could not present testimony to the subcommittee, so by direction of the chairman, the following statements were received for inclusion in the record:]

MARITIME ADMINISTRATION

STATEMENT OF F.H. MILLER, REAR ADMIRAL, USN (RET.)

We, the Presidents and Superintendents of the State Maritime Academies/Colleges of California, Maine, Massachusetts, The Great Lakes Region, New York and Texas, appreciate the opportunity to present our comments on the Department of Transportation's Maritime Administration's (MarAd) proposed budget for maritime education. We request your approval of a program consistent with the amendments we are pursuing.

Our major issue of concern is the lack of support for the State Maritime Academies so necessary in time of threats to our National Security and so clearly documented by our involvement in the recent Persian Gulf war. Clearly, we need to take stock of all that has taken place since 2 August 1990 and focus on lessons learned which require action and correction to meet our Nation's needs in crisis. Of critical concern are:

1. No increase in funding for the State Maritime Academies over last year's authorization and appropriation. Despite our needs and considerable responsibility in support of Desert Shield/Storm, our funding in the proposed budget has been leveled.

2. The lack of funding assistance for training ship fuel which impacts on our ability to graduate our Nation's next licensed officers on time, a time when they are desperately needed.

3. The need to meet Federal maritime education and training requirements through training simulators so that our country can satisfy the training standards set forth by the International Maritime Organization Standard of Training and Certification for Watchkeeping (IMO-STCW), the National Transportation Policy and the Oil Pollution Act of 1990, and thus remain competitive with other nations.

4. The lack of a viable U. S. Maritime Service/Merchant Marine Reserve Program to support National Emergencies.

These issues have been brought to the attention of the Maritime Administration and the House of Representatives Merchant Marine and Fisheries Committee and Committee on Appropriations.

The First Report of the President's Commission on Merchant Marine and Defense noted that the State Maritime Academies must be relied upon in time of National Emergency. We want to continue to respond to that need. The newspapers and industry-related media abound with reports of the lack of young mariners to meet our Nation's needs. In August 1990, the Maritime Administration asked us to go into high gear to man the RRF. We did so and were commended by MarAd for our efforts. However, when we asked the Maritime Administration to exercise its authority to defer training ship maintenance to offset the cost of training ship fuel, a cost which was driven up by the Persian Gulf Crisis, we were flatly turned down. We are deeply disappointed because of the adverse impact a decision of this type can have on the inventory of licensed officers at a time when our Nation needs mariners.

Case in point -- Massachusetts Maritime Academy cut their 1991 training voyage short because of lack of fuel funding. This affects the sea time of otherwise soon-to-graduate Cadets and will delay their licensing at a time when they are sorely needed.

Subsequent to Massachusetts Maritime Academy cutting their training voyage short, the Senate Report for the FY 1991 Dire Emergency Supplemental Appropriations directed MarAd to offset up to $1 million in fuel costs for the 1991 State Maritime Academy training cruises. This was accomplished by a one-time deferral of necessary training ship maintenance.

Section 1304(c)(2) of the 1980 Federal Maritime Education and Training Act authorizes MarAd to provide fuel funding for our training ships. As late as 1985, MarAd has done so. This year, with a real time wartime requirement and the follow-on Sealift requirement for return of equipment, they would not do so. It takes about 100,000 barrels for a Fast Sealift TAKR to make one round trip to the Persian Gulf from the East Coast of the United States. Collectively, we use about two-thirds that amount of fuel in one year to produce the majority of our Nation's entry-level licensed officers. We are expected to operate the ships but can't train the officers to man them.

To ensure similar circumstances do not occur in the future, we, therefore, are requesting an appropriation in fiscal year 1992 of one million dollars to help offset the cost of training ship fuel to insure that we can produce licensed officers without delay.

Another critical issue that needs to be addressed is an issue which directly impacts on our Nation's Maritime Education and Training, that is the need for simulator training, the most urgent being bridge simulators followed by tanker liquid loading simulators.

Soon to be ratified regulations under the International Maritime Organization Standards of Training, Certification and Watchkeeping (IMO-STCW) require one year at sea or equivalency for deck Cadets to become eligible for entry-level Merchant Marine Officer licenses. The State Maritime Academies presently have an approved equivalency using small craft coupled with actual sea time aboard the training ships. This equivalency without simulators barely allows us to meet the one year at sea requirement. Other nations, including Third World Maritime Nations, are ahead of our Nation in meeting these new standards. In addition, the recent Transportation Policy and the Oil Pollution Act of 1990 address new standards of training in the industry. As a Nation, we are not prepared to meet them.

Recent tragic maritime accidents resulting in devastating effects on our environment, e.g. EXXON VALDEZ, have focused ever increasing attention on the need for better training of personnel who are responsible for maneuvering cargo laden vessels over the oceans. As a result, in addition to the IMO-STCW requirements, there are proposals at the Federal level that all entry-level Merchant Marine officers, as well as licensed officers renewing their licenses (every five years), must undergo 40 hours of bridge simulator time. Also proposed is the requirement that these officers must receive 40 hours of training on a simulator at the mid-term point, 2.5 years, of their licenses. In addition, this requirement includes bridge team training. These proposals are similar to those of airline pilot training and retraining.

The emotion for training and retraining is running high. Driven by the IMO-STCW requirements, the National Transportation Policy and the Oil Pollution Act of 1990, the handwriting is on the wall for bridge simulators as well as other allied simulators.

Although our Nation has some simulators, the State Maritime Academies simply can not use them -- the major problems being time, distance, funding and over-utilization. There are no bridge simulators at all on the West Coast for California Maritime Academy or the Gulf Coast for Texas Maritime.

If we had to rely on the few simulators in operation today in our Nation in terms of operability and availability, it is unlikely we could remain within our academic calendars for matriculation. The continuous availability of this equipment to enhance training is necessary at a highly technical maritime institution.

Unfortunately, the number of existing simulators is totally inadequate to even come close to meeting our Nation's training requirements. If each actively sailing mate required 40 hours of simulated training every five years to renew his license (not an unreasonable requirement), there is no way our Nation's supply of simulators could even begin to satisfy this educational requirement. In most situations, only three licensed mates can be trained at any one time. Therefore, a single simulator operating 24 hours a day, 7 days a week, 52 weeks of the year could train a maximum of 655 mates in one year. Considering there are 8,500 actively sailing mates, it can be readily seen the number of simulators required far exceeds the numbers in existence. The problem doubles if, as proposed by the Maritime Administration, all mates were to receive simulator training at the midpoint of their license renewal cycle (every 2.5 years).

This also does not address the large number of inactive mates who need to renew their licenses for national defense purposes and who would be even more in need of simulator training. Above all, these calculations do not address the requirements for such training for Cadets/Midshipmen to obtain their original licenses under the stipulations mandated by IMO-STCW. Lastly, the excessive employment of simulators delineated above is totally unrealistic and could never be realized or maintained under anything less than a war time situation. It is readily apparent that the number of existing bridge simulators is wholly inadequate to even begin to meet the Nation's maritime training need.

Because the simulators must be part of the classroom experience, it would be impossible to schedule the transportation and allot the time for such schools as New York to go to the U. S. Merchant Marine Academy, Kings Point, day in and day out. In addition, the cost would be prohibitive. It costs between $600-$900 an hour to use their facility. That kind of money is simply not available in State Budgets.

The cost estimates for simulators are as follows:

Bridge	$1.2 - 1.8 million
Tanker liquid loading	$700 - 1.2 million
Radar	$500 - 900,000
Diesel	$600 - 1 million

So that we as a Nation can meet IMO-STCW requirements as well as the training addressed in the National Transportation Policy and the Oil Pollution Act of 1990 and the industry's demands and thus remain competitive on a world-wide basis, the State Maritime Academies, over the next three years, propose that 2 million dollars in matching funds be appropriated toward purchase of simulators. The matching funds would be administered by the Maritime Administration. This matching funds, together with funds raised by the State Academies, will allow the Academies to purchase and/or upgrade the simulators so necessary to the training and retraining of our Nation's mariners. We want to be part of the solution. We just need a little help.

The money will be primarily raised from the maritime industry, alumni, foundation, and private citizens. When completed it will be necessary for the States to increase their appropriation for maintenance and employment of additional faculty and staff that will be required to operate the equipment. The matching fund concept is a cost effective way for the industry, the Academies, the Federal Government (the agency levying the requirements) and civic minded Americans to jointly work together to meet this need.

The 1980 Federal Maritime Education and Training Act and predecessor acts make it very clear that the Federal Government has entered into a partnership with the States supporting State Maritime Academies. Actually, this partnership has existed since the 1874 State Nautical School Act. This partnership is a cost-effective method of producing licensed Merchant Marine officers for the industry afloat and ashore as well as for producing U. S. Naval Reserve/Merchant Marine Reserve commissioned officers. This partnership is cost-effective in that the States and the students share the majority of the schoolship costs with the Federal Government.

We would like to point out that these schools were established with the interest and support of the Federal Government. Indeed, the majority of them pre-date the U. S. Merchant Marine Academy. The State Maritime Academies were needed as a national security expansion base during WWI, WWII, the Korean War and the Vietnam Conflict. They were involved in Desert Shield/Storm in the Persian Gulf, and as history bears out will be needed in the future to meet the mobilization requirements of this country.

As the recruiters and trainers of the majority of licensed Merchant Marine officers in our Nation, officers that should be available in times of National Emergencies, we believe there are two issues noted during the recent Persian Gulf Crisis that should be brought to your attention, issues which sorely beg resolution/correction as they both directly impact on Merchant Fleet manning as it exists today. They are:

One - Reemployment rights for civilian mariners who man RRF and other designated ships operated in an emergency. As noted earlier, the Maritime Academies put heavy pressure on their graduates to man the RRF (and other ships) to meet the needs of Desert Shield/Desert Storm. Universally we heard, "I'll lose my job if I leave." Lack of reemployment rights is a major impediment to manning our Merchant ships in a National Emergency and should be easily corrected. Certainly the catalyst for such legislation could be the Desert Storm requirements war. We believe any future manning of ships in a National Emergency will drive this requirement. It is in our best national interests to provide reemployment rights as this issue directly affects the lives of our service personnel. As a bare minimum we need to be able to man the soon to be increased RRF Fleet if the call goes out.

Two - The impediments and inequities created by recent legislation that have directly impacted on prospective State Maritime Academy Cadets volunteering for the U. S. Naval Reserve/Merchant Marine Reserve (MMR) should be corrected to bring the program in line with the less restricted legislation involving Federal Service Academies.

At the present time, State and only State Maritime Academy Cadets must obligate themselves at the beginning of the sophomore year (vice junior year for Federal Service Academies) and can not collect the $100/month Student Incentive Pay (SIP) until the point at which they obligate themselves. At that time, they collect the back pay for their freshman year (again unlike Federal Service Academies). Despite the almost ridiculous amount, the pay is to help offset the cost of uniforms, books, etc. These expenses were incurred at the beginning of the freshman year not the sophomore year.

In 1989, the Maritime Administration and Office of Management and Budget (OMB), without consulting the Navy, together with the Congress, and despite our collective strong appeal against it, forced this legislation upon our academies "to make the system better." We noted it would kill the program at the State schools. Figures now bear us out. With the new legislation, the sign-up rate for the U. S. Naval Reserve/ Merchant Marine Reserve (MMR) is now down markedly. In 1988, the sign-up rate was almost 100% of the allotted numbers, today it is down almost universally at the State Academies by approximately 60%. Do we want to eliminate this input cohort to the MMR from the highest production source in our Nation?

Simply put, the MMR program in its present form is not marketable to students who pay for their education, who enroll at the State Maritime Academies to be in the Merchant Marine. Would you obligate yourself for eight years for $100/month when you can make more than that on one Saturday hawking hot dogs in Shea Stadium? Would you sign up and obligate yourself for a program at the beginning of your sophomore year that can force you into the U. S. Navy in enlisted status if you drop out before you graduate but in a program that is not empowered to activate you as an officer in a National Emergency?

To a State Maritime Academy Cadet, the MMR is a "nothing program." It has no real active duty training program, it has no meat in it, provides little satisfaction, no less compensation and, of course, does not have an activation clause in time of National Emergency. If the Federal Government wants this program, a restructuring should be considered. Changes, however, should not be made by edict as in the past. The Navy and the State Maritime Academies should be consulted.

As a viable alternative, a U. S. Maritime Service (USMS) should be considered. A revitalized USMS program using the needs demonstrated by Desert Shield/Desert Storm as the catalyst could be structured on a revitalization and upgrading of the old USMS that was in place during World War II. To our Cadets who pay for and are at our academies principally to go into the Merchant Marine, it would be a very attractive program. A real USMS program, structured for training - training on specialized ships as well as generic ships, with reemployment rights, and with some measure of compensation would be marketable and an asset to our Nation's national defense.

MarAd is presently studying the viability of the MMR and the possibility of a restructured USMS. Now is the time to act before memories get short. Our Nation is short of mariners now, mariners we will not be able to call up in future National Emergencies.

We also want to express our concern in regard to the 1990 Maritime Administration Authorization Act which amended Title XIII of the Merchant Marine Act 1936, as amended, to require that as a condition for any school to receive any Federal payment or use of any Government vessel, the schools agree in writing to require as a condition for graduation that graduates pass the U. S. Coast Guard licensing examination. This runs totally counter to State's Rights guarantees and the operation of academic institutions throughout our Nation.

The U. S. Coast Guard requires successful completion of our curricula and sea time to sit for the Merchant Marine Officer's license. On the other hand, all academic institutions require successful completion of the courses and training to receive a diploma. There is no guarantee that completion of our curricula will guarantee a license just as there is no guarantee that receipt of a diploma from law school will guarantee passing of the bar exam or a diploma from medical school will ensure licensing of a doctor. There is no question other colleges and universities receiving Federal aid are not tied to similar requirements. In reality, less than five graduates each year either do not take or pass the license exam. This new requirement will not increase the number of mariners that graduate; in fact, quite the opposite will likely occur. The impact will be on recruiting at a time when the predicted mariner shortfalls are coming true and the available pool of qualified high school graduates is at an all-time low.

Under the 1980 Federal Maritime Education and Training Act, the Federal Government provides funding to the State Maritime Academies for:

1. A training ship plus ship's maintenance/repair and fuel money when authorized (Great Lakes excluded) to allow our Cadets to meet the Federally mandated "sea time" license requirements.

2. $100 thousand per school for administration of a State Nautical School and up to $200 thousand for regional schools, i.e., Great Lakes.

3. Student Incentive Payments ($100/month) for students accepting commissions in the U. S. Naval Reserve/ Merchant Marine Reserve.

In terms of Federal expenditures, the State Maritime Academy system is our Nation's most cost-effective system to produce licensed officers, officers already noted by experience to be in short supply, a supply predicted to become very short in the outyears.

Over the last several years, the State Academies have produced on the average over 500 licensed officers per year at an average Federal cost of $8.5 million/year. From among those graduates who accept commissions, approximately 10% volunteer for immediate active duty in the Navy or Coast Guard. Each of these accessions from the U. S. Naval Reserve/Merchant Marine Reserve program is achieved at a maximum total cost in Student Incentive Payments of approximately $4,500 over four years, a considerable savings to the Nation over any other source of mariners fully qualified for immediate sea duty and leadership roles. This is our Nation's most cost-effective commissioning source and a very valuable contribution to our Nation's security. Our students pay tuition and fees for their education, including training cruises, naval science courses and attend eleven month academic years which deprive them of the opportunity for significant summer employment. In fact, our students pay more for their education and training than the Federal Government does. They earn Federal licenses along with their degrees while in a uniformed and disciplined environment. The respective states and industrial sources contribute the balance of academy expenses over tuition. The Federal Government's share, including student subsidies, ship maintenance and repair is cost-effective. This sharing of effort represents one of the best bargains available to the Government.

As demonstrated by Desert Shield\Storm, the continued existence of our State supported institutions assures our Nation's most economical, cost-effective method of producing

Merchant Marine officers. We believe that our students return far more to the economy and the national defense needs of our Nation than they cost. As noted by the President's Commission on Merchant Marine and Defense, the survival of the State Maritime Academies is in the national interest as this system provides a necessary national security expansion base.

These matters are of extreme importance to our continued well-being. The State Maritime Academies and Colleges at minimal Federal cost have produced and will continue to train outstanding officers for service in the maritime industry, afloat and ashore, the U. S. Navy and Coast Guard, NOAA and other service related organizations.

So that we may continue to serve, we request that the Maritime Administration's proposed budget for fiscal year 1992 be amended to include:

1. $1 million dollars for FY 91/92 for training ship fuel oil reimbursement.
2. $2 million in matching funds in each year for the next three years to improve and allow our Nation's Maritime Education and Training to meet IMO-STCW Standards, our National Transportation Policy and Oil Pollution Act of 1990 requirements and to remain competitive worldwide by providing simulators.

In addition, so that our Nation's Merchant Marine can be responsive in times of National Emergency, responsive with young men and women, we recommend that the viability study MarAd is presently conducting of the industry's manning, including the U. S. Naval Reserve/Merchant Marine Reserve, be given serious consideration to include:

1. Institution of National Emergency reemployment rights for civilian Merchant Mariners.
2. Reconstitution of a viable U. S. Maritime Service in lieu of a U.S. Naval Reserve/Merchant Marine Reserve.

We appreciate your past support and trust that we may continue to receive your confidence and support in the future. We want to continue to meet the requirements of our Nation's Maritime industry and the forthcoming IMO-STCW standards.

We would be pleased to assist you in any studies you may wish to undertake with regard to the matters we have raised and would be happy to have the opportunity to discuss our situation with you and your staff at your convenience. We trust you will give our requests and our views your favorable consideration.

LEGAL SERVICES CORPORATION

STATEMENT OF AMERICAN ASSOCIATION OF RETIRED PERSONS

On behalf of the American Association of Retired Persons, thank you for this opportunity to testify concerning the Federal payment next year to the Legal Services Corporation.

The Association deeply appreciates the Subcommittee's continued support of programs administered by the Legal Services Corporation. These important activities make a critical difference for many low-income and disabled older Americans who are threatened with evictions, benefit cutoffs, nursing home abuses, and other legal emergencies. Your efforts have helped make it possible for poor clients to have representation in our judicial system. We also appreciate the additional funds included for these programs in the Fiscal Year 1991 supplemental spending bill which cleared Congress last month.

The Association is very concerned about the Administration's proposal to hold budget authority for the Corporation constant at the FY 1991 level. The effects of such a freeze would be felt not only immediately but in the "outyears" as well. In its analysis of the President's FY 1992 budget request, the Congressional Budget Office (CBO) reports that such a reduction would cut spending by almost $200 million relative to the CBO baseline from 1992 through 1996. The needs of poor elderly and disabled persons have grown steadily over the past decade. More resources are required, not less.

The Association urges the Subcommittee to provide, at a minimum, an increase for inflation for these essential programs. This would allow projects to maintain at least their current caseloads. Ideally, we would hope that appropriate adjustments could also be made for inflation during the last five years -- along the lines recommended by the American Bar Association ($425.6 million). We fully recognize that it may be necessary to achieve this objective on an incremental basis due to budgetary constraints.

The legal needs of the homebound or institutionalized continue to be seriously underrepresented in legal services programs. The Association recommends report language encouraging the Corporation to fund demonstration outreach projects for these hard-to-reach clients.

While our concerns are already a matter of record with the Subcommittee, the Association wants to reiterate its strong opposition to legislative proposals that would drastically restrict legal counselling for poor elderly and disabled Americans. An example would be H.R. 1345, the Legal Services Reform Act, currently pending before the House Judiciary Committee. If enacted, we believe such a proposal would radically alter and seriously weaken essential support available to low income persons. We trust Congress will continue to resist such attempts to undermine due process for the economically disadvantaged.

Thank you again for this opportunity to comment on the Corporation's FY 1992 budget.

DEPARTMENT OF JUSTICE

STATEMENT OF GERARD P. LYNCH, ESQ., EXECUTIVE DIRECTOR, MIDDLE ATLANTIC-GREAT LAKES ORGANIZED CRIME LAW ENFORCEMENT NETWORK

RISS PROJECT DIRECTORS

The Regional Information Sharing Systems (RISS) Program respectfully requests that Congress appropriate for Fiscal Year 1992, $17 million as a line item, without matching funds, to continue their support of drug trafficking and organized crime fighting efforts.

This will allow RISS to continue to enhance the ability of more than 2,900 federal, state and local criminal justice agencies across the nation comprising of over 200,000 sworn law enforcement personnel to identify, target and remove criminal conspiracies and activities spanning jurisdictional boundaries that involve drug trafficking, organized criminal activity and white collar crime. "The federal government is dedicated to reducing drug trafficking by simultaneously implementing many strategies, each focused on a different aspect of the problem. Law enforcement is an essential element of our national strategy".1

The Office of Justice Programs (OJP) Regional Information Sharing System (RISS) Program is a federally funded program to support law enforcement efforts to combat drug trafficking, organized criminal activity and white collar crime. Six regional projects provide criminal information exchange and other related operational support services to local, state and federal law enforcement agencies located in all fifty states. One regional enforcement project, the LEVITICUS Project, provides coordination to agencies investigating crimes related to the coal, oil, natural gas, and precious metals industries. These projects are:

1. The Middle Atlantic - Great Lakes Organized Crime Law Enforcement Network (MAGLOCLEN): Indiana, Michigan, Ohio, Pennsylvania, New York, New Jersey, Delaware, Maryland.
2. Mid-States Organized Crime Information Center (MOCIC): North Dakota, South Dakota, Nebraska, Kansas, Minnesota, Iowa, Missouri, Wisconsin, Illinois.
3. New England State Police Information Network (NESPIN): Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island.
4. Regional Organized Crime Information Center (ROCIC): Texas, Oklahoma, Louisiana, Arkansas, Mississippi, Alabama, Tennessee, Kentucky, West Virginia, Virginia, North Carolina, South Carolina, Georgia, Florida.
5. Rocky Mountain Information Network (RMIN): New Mexico, Arizona, Colorado, Utah, Nevada, Idaho, Wyoming, Montana.

1 GAO Report to Sub Committee on Investigations, Senate Committee Government Affairs. 1989.

6. Western States Information Network (WSIN): California, Oregon, Washington, Alaska, Hawaii.

7. The Leviticus Project: Alabama, Arizona, California, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Mississippi, Missouri, New Mexico, North Dakota, Oklahoma, Pennsylvania, Tennessee, Texas, Virginia, West Virginia and Wyoming.

The RISS projects are filling law enforcement's need for rapid, but controlled sharing and exchange of information and intelligence pertaining to known or suspected drug traffickers and criminals. The President has stated "we must begin the war on drugs by ensuring that all Federal, State and local information on the drug production and trafficking problem is shared appropriately".2 The continuous rise of drug trafficking and endless emergence of organized crime groups across the nation requires a concerted effort by law enforcement at the federal, state and local level. "The war on drugs cannot be fought--much less won--without good intelligence".3

Congress funded the RISS program to address this need as evidenced by its most recent authorization in the Anti-Drug Abuse Act of 1988. The success of RISS has been acknowledged and vigorously endorsed by the International Association of Chiefs of Police (IACP). "The projects have both small and large successes, but the impact on criminals apprehended by means of RISS resources has been devastating".4

Other national law enforcement groups such as the National Sheriffs Association (NSA), and the National Association of State Drug Enforcement Agencies (NASDEA) have seen the value of this congressional program to law enforcement nationally, and have worked with the National Association of Attorneys General (NAAG), the National District Attorneys Association (NDAA), and the National Criminal Justice Association (NCJA) to further strengthen the awareness of RISS.

In a combined effort by all of these law enforcement agencies, a publication was drafted by the U.S. Department of Justice sponsored Executive Working Group for Federal-State-Local Prosecutorial Relations. In this 1988 publication entitled, "Toward a Drug Free America: A Nationwide Blueprint for State and Local Drug Control Strategies", it was quoted that, "Each state should develop a computerized capacity to store, collate and retrieve intelligence and historical information concerning drug offenders. Before initiating new computer projects, each state should take advantage of existing computerized information exchange and pointer systems, such as the Regional Information Sharing System (RISS) and Operation Pipeline. Each state should actively participate in multi-state, regional and national information networking projects."

As a result of the 1990 investment by Congress of $13.4 million, the RISS program generated a return by member agencies of 4,856 arrests, seized narcotics with a street value of more than $34 million, seized over $6 million in currency, and recovered or seized property worth an estimated $24 million. In addition, $41,802,859 was referred to IRS, and RICO civil seizures accounted for close to $2 million. In the eleven year

2 National Drug Control Strategy, September 1989.
3 IBID.
4 The RISS Program: A $12 million bargain, Police Chief Magazine, August 1987.

period since 1980 when the program was fully implemented, the RISS program has assisted its member agencies with their investigations. Results of these investigations have amounted to well over $2 billion dollars in recoveries at a total cost that approximates 5% of that amount, or an $87 return for every dollar spent.

The projects have also been able to enhance other worthwhile Congressionally-funded programs. The States of California, Ohio, Oregon, Massachusetts, Illinois, Iowa, Washington, Wisconsin and others have in some way incorporated the RISS Projects in their statewide narcotics programs which were set up pursuant to include the RISS Projects as they carry out their individual state or local narcotic initiatives.

Oversight: The Bureau of Justice Assistance administers the RISS program and has established guidelines for provision of services to member agencies. The projects are subject to oversight, monitoring, and audit by the U.S. Congress, Bureau of Justice Assistance, the GAO, a federally-funded program evaluation office, the U.S. Department of Justice and local government units. The RISS projects are also monitored on a regular basis by the Intelligence Systems Policy Review Board (ISPRB) for 28 CFR compliance. This 28 CFR regulation places stricter controls on the RISS intelligence sharing function than those placed on any federal, state or local agencies. Evaluation of project operations has been very positive.

A House Subcommittee found that: "The projects are addressing a law enforcement intelligence sharing void which exists between the levels of federal authority and state/local authority. There is a wide acceptance and approval of RISS project activity among state and local law enforcement agencies. There is considerable benefit to the federal law enforcement community from direct participation in RISS projects or from services which are derived directly from RISS project activity."5

The GAO testified that: "We were quite comfortable that the processes were in place to protect the integrity of the federal monies."6 A federally-funded research firm stated: "In general, the program activity data analysis reflects favorably upon the development of the RISS program".7 In testimony before a House Subcommittee, a nationally respected police administrator stated, "I can say to you gentlemen today that in my 33 years of involvement in law enforcement, over 33 years, that all the federal projects that have come down our way, that we get more good out of and have derived more out of the RISS projects than any other project that has been funded by a federal grant."8

Case specific support has been furnished to hundreds of local and state police and sheriff departments during 1989. While most of these cases do not attract the publicity that many federal investigations receive, they have had an unrivaled impact

5 Findings of House Committee on Government Operations (House Report 99-216), July 22, 1985.

6 GAO testimony at Hearings before a Subcommittee of the House Committee on Government Operations, March 26, 1985. Referred hereinafter as "Hearings".

7 Institute for Intergovernmental Research, the "RISS Projects-Analysis of Activity", prepared for the Bureau of Justice Assistance, July 1985.

8 Chief Joe D. Casey, President, International Association of Chiefs of Police: Hearings.

on main street America; in local jurisdictions, that are the grass roots of law enforcement in the nation. The National Drug Control Strategy recognizes that regular ongoing interagency and intergovernmental cooperation are elements necessary for the full utilization of the available intelligence resources and investigative experts. "Cooperative and joint operations are the rule not the exception".9

In view of today's increasing demands on state, local and federal law enforcement budgets, increased requests for RISS services are occuring. The Institute for Intergovernmental Research (IIR) report on the RISS program from 1987 - 1989, showed a 23% increase in the submission of principal subjects to our data base, a 51% increase on inquiries of our data base, and a 27% increase in member requests for analytical products.

A new authorization and full funding of the RISS program is necessary in order to offset inflation factors and permit membership growth -- without reducing current levels of project service delivery to existing members. RISS membership has increased from approximately 1,000 members in 1982 to 2,900 at present. Without the increased funding requested, RISS will be forced to turn down requests for services on many investigations.

It is respectfully requested that the Congress fully fund the RISS program as a line item in the congressional budget, in the requested amount of $17 million, with no matching funds. Local and state law enforcement who depend on the RISS projects for information sharing, funding and technical assistance are anticipating increased competition for decreasing budget resources. It would be counterproductive to require the RISS members from state and local agencies to self fund match requirements as well as to reduce the amount of BJA discretionary funding. The state and local agencies require more, not less funding to fight the nation's crime/drug problem. The RISS program cannot make up the decrease in funding that a match would cause and it has no revenue source of its own. Cutting the RISS appropriation by requiring a match should not be imposed on the program.

We are grateful for this opportunity to provide the committee with this testimony and appreciate the support this committee has continuously provided to the RISS program.

THE REGIONAL INFORMATION SHARING SYSTEM

To assist the projects in implementing this program, the U.S. Department of Justice, through their Office of Justice Programs and the Bureau of Justice Assistance, worked with the Projects to institute the following components:

1. Information Sharing Component. Every project will maintain and operate either a manual and/or automated information sharing component that is responsive to the needs of participating enforcement agencies in addressing multijurisdictional offenses and conspiracies. This component must be capable of providing controlled input, dissemination, rapid retrieval, and systematic updating of information to authorized agencies.

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9 National Drug Control Strategy, September 1989.

2. Analytical Component. Every project will establish and operate an analytical component to assist the project and participating agencies in the compilation, interpretation, and presentation of information provided to the project. This component must be capable of responding to participating agency requests for analysis of investigative data.

3. Telecommunications Component. Projects may establish and/or maintain a telecommunications system designed to directly support the operation of the information sharing component and analytical component, and to support project sponsored investigations and activities.

4. Investigative Support Component. Projects may establish and operate an investigative support component by providing financial assistance to participating agencies for their conduct of multijurisdictional investigations. Financial resources may include funds for the purchase of information, contraband that may be used as evidence, services, investigative travel and per diem, and overtime compensation. Funds expended and activities conducted under this component must directly support the operation of the information sharing and analytical components.

5. Specialized Equipment Component. Projects may establish and maintain a pool of special investigative equipment for loan to participating agencies. The loan of such equipment must directly support the operation of the information sharing and analytical components.

6. Technical Assistance Component. Projects may establish and maintain a component to provide technical assistance to member agencies. Through use of project personnel and others in participating agencies, consultation, advice, and information may be made available to member agencies concerning use of specialized equipment, investigative procedures, accounting of project funds if provided by the project in support of investigations, and information analysis. This component will emphasize use of technical resources among the projects as necessary and available. Technical assistance in the form of active participation by project personnel in member agency investigations is prohibited.

7. Training Component. Projects may establish and maintain a training component to upgrade investigative skills of personnel from participating agencies. Such training assistance may consist of financial support to send personnel to training courses, seminars, and conferences or, more commonly, design and delivery of special training courses by project staff. Training provided under this component must support the project goals and objectives.

To further enhance the coordination and exchange of information among member law enforcement agencies, the projects have initiated additional support service activities including distribution of project publications/digests and sponsorship of membership conferences.

MIDDLE ATLANTIC-GREAT LAKES ORGANIZED CRIME LAW ENFORCEMENT NETWORK (MAGLOCLEN)

The Middle Atlantic-Great Lakes Organized Crime Law Enforcement Network is located in West Trenton, New Jersey. Its grantee is the New Jersey Department of Law and Public Safety, Division of State Police.

The project received a planning grant in July of 1980, and became operational in June of 1981. It covers the states of New York, New Jersey, Delaware, Maryland, Pennsylvania, Ohio, Michigan, and the District of Columbia. By special agreement, Canadian agencies in the provinces of Ontario and Quebec may also participate in the project. MAGLOCLEN's geographic area is inhabited by approximately 82 million people.

MAGLOCLEN serves 248 state, local, federal, and provincial law enforcement agencies which include over 116,000 law enforcement officers.

The project's mission is to encourage and aid the investigation, by member law enforcement agencies, of major interstate conspiracies. It emphasizes communication, coordination and cooperation among its member agencies and the police community at large.

In June of 1990, the Highland County (Ohio) Sheriff's Department and thirteen other law enforcement agencies from eleven different counties successfully concluded an eleven month investigation that was financed with MAGLOCLEN confidential funds. This investigation resulted in the arrest of 352 persons on a variety of felony charges; the seizure of $251,716 in U.S. currency; twenty four weapons; twenty vehicles; 1.6 kilos of cocaine; fifty nine pounds of marijuana; and smaller amounts of hashish and heroin. Captain Monty Rayburn of the Highland County Sheriff's Office, while commenting on this investigation stated, "MAGLOCLEN's assistance was invaluable. Their funding and equipment assisted greatly in the success and completion of this operation."

In December of 1990, the Philadelphia (Pennsylvania) Police Department, in conjunction with the Office of the Philadelphia District Attorney and the Office of the Pennsylvania Attorney General, brought to a successful conclusion a six month sting investigation that was partially funded by MAGLOCLEN. This investigation resulted in the arrest of forty five persons on a variety of felony charges and the recovery of eighty seven stolen vehicles; ten weapons; a quantity of narcotics; three United States Army night vision devices; and electronic equipment that was stolen from the Fort Dix Army Base in New Jersey. The total value of the recovered articles was in excess of $700,000.

In August of 1990, the Lancaster City (Pennsylvania) Police Department, in conjunction with the York City (Pennsylvania) Police Department, Pennsylvania State Police, Pennsylvania Office of Attorney General and the Lancaster County (Pennsylvania) District Attorney's Office, brought to a successful conclusion a ten month sting investigation that was partially funded by MAGLOCLEN. This investigation resulted in the arrest of seventy five person on a variety of felony charges and the recovery of thirty three stolen vehicles; a large quantity of electronic equipment; jewelry and weapons. The total value of the recovered property was in excess of $320,000.

MID-STATES ORGANIZED CRIME INFORMATION CENTER
(MOCIC)

The Mid-States Organized Crime Information Center (MOCIC) serves 636 member law enforcement agencies in the states of Missouri, Kansas, Nebraska, North Dakota, South Dakota, Iowa, Minnesota, Illinois, and Wisconsin. Assistance is in the form of support through equipment loan, confidential funds, analytical services, telecommunications, and criminal intelligence. Member agencies contributed 10,564 submissions to the criminal data base and made 12,436 intelligence inquiries during the past year. MOCIC also provided a variety of high quality law enforcement training throughout the region. MOCIC has gained a wide acceptance in the Midwest with numerous resulting examples of interagency cooperation and information sharing. Three examples of what can be accomplished through cooperative efforts are as follows:

The Lake County (Minnesota) Sheriff's Department combined forces with the Two Harbors, Silver Bay, and Duluth (Minnesota) Police Departments; the St. Louis County and Carlton County (Minnesota) Sheriff's Departments; and the Superior (Wisconsin) Police Department to conduct a successful narcotics investigation. MOCIC provided a relatively small amount of confidential funds to support this undercover operation which resulted in a tremendous cost benefit ratio. Nineteen persons have been arrested and narcotics, vehicles, boats, weapons, cash and real estate valued at $418,300 were seized.

Agencies of the Iowa Law Enforcement Intelligence Network (LEIN) along with agencies in Missouri, Florida, Arkansas, Colorado and the Federal Bureau of Investigation (33 separate agencies), joined together to apprehend eight persons responsible for 171 burglaries in five states which resulted in losses estimated at $1.5 million. MOCIC supported this investigation with confidential funds and assistance from its intelligence section.

The South Dakota DCI, the Rapid City (South Dakota) Police Department, the Federal Bureau of Investigation, Drug Enforcement Administration and the Bureau of Alcohol, Tobacco and Firearms conducted a successful undercover operacion in which fifty persons were charged with a variety of felony charges. Narcotics, vehicles and real estate valued at approximately $195,000 were seized. MOCIC intelligence section supported this operation with data base information.

NEW ENGLAND STATE POLICE INFORMATION NETWORK
(NESPIN)

The State Police agencies of New England formerly entered into an interstate compact in June of 1967. This mutual aid compact created the New England State Police Administrators Conference. In 1979, the State Police Administrators requested and received federal support through the Massachusetts Department of Public Safety for an interstate program for fighting narcotics smuggling and organized crime in New England. This program is called the New England State Police Information Network (NESPIN).

In 1983, the scope of NESPIN was enlarged to include the direct participation of local law enforcement. At present, 236 state, local and federal law enforcement agencies are active members of the network.

The following examples illustrate the impact and value of NESPIN services:

NESPIN provided confidential funds, surveillance equipment and analytical support to a joint investigation conducted by the Boston (Massachusetts) Police Department, Massachusetts State Police and the

Federal Bureau of Investigation that resulted in the arrest of six persons. The persons arrested were on their way to commit an armored car robbery. When taken into custody they were armed with machine guns, pistols, fake hand grenades, and fake bombs. The group is suspected of being involved in two other armored car robberies in which $2 million dollars was stolen. They are also suspected of being affiliated with the Irish Republican Army (IRA).

Several police agencies representing eight small communities in South Central Massachusetts formed a task force to combat narcotics trafficking in their area. NESPIN provided confidential funds, analytical services, surveillance equipment and use of their data base. As a result of NESPIN assistance, the task force arrested forty persons for sales and trafficking in narcotics.

The Providence (Rhode Island) Police Department, working in conjunction with the Attorney General's Task Force and agents from the Federal Bureau of Investigation and the Drug Enforcement Administration, utilized NESPIN confidential funds to conduct a surveillance of a narcotics operation. As a result of NESPIN support, four persons were arrested on felony charges and marijuana, cocaine, vehicles, currency and real estate were seized. The total value of the contraband seized exceeded $2,485,000.

REGIONAL ORGANIZED CRIME INFORMATION CENTER
(ROCIC)

The Regional Organized Crime Information Center (ROCIC) located in Nashville, Tennessee was the prototype RISS project, founded in 1973, and receiving federal funds since 1974. ROCIC serves 379 member agencies representing more than 54,000 sworn law enforcement personnel in the states of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia. Its Grantee is the City of Nashville, Tennessee. The following cases illustrate how ROCIC serves its members.

The Kentucky Attorney General's Office, through the use of ROCIC surveillance vehicles, conducted a large scale narcotics investigation which culminated in the arrest of fifteen persons and the seizure of $11.6 million in narcotics, along with the seizures of vehicles valued at $50,000; real estate valued at $15,000; and fifty six firearms.

The Metro Nashville-Davidson County (Tennessee) Police Department's use of ROCIC data processing and analytical assistance in a narcotics investigation contributed directly to the successful conclusion of the case and the seizure of $1.38 million dollars worth of drugs; real estate valued at $385,000; $46,000 in cash; vehicles valued at $62,000; and the arrest of five persons.

Through the use of ROCIC's criminal intelligence data base, the Panola County (Texas) Sheriff's Office, with the assistance of three state and local law enforcement agencies, was able to make arrest in a cocaine trafficking investigation and to seize $1 million worth of cocaine; a $6,000 vehicle; and $11,500 in U.S. currency.

The Mountainbrook (Alabama) Police Department, using ROCIC surveillance vehicles and field representative assistance, arrested six persons and seized heavy equipment valued at $1.2 million dollars. This investigation involved ten state and local law enforcement agencies and the Federal Bureau of Investigation.

ROCKY MOUNTAIN INFORMATION NETWORK
(RMIN)

The Rocky Mountain Information Network, in operation since 1977, is centered in Phoenix, Arizona, and services approximately 624 law enforcement member agencies within the eight state area. RMIN's grantee is the Arizona Department of Public Safety. The RMIN area is composed of the states of Arizona, Colorado, Idaho, Montana, New Mexico, Nevada, Utah, and Wyoming. More than 50% of RMIN membership are small, rural law enforcement agencies, with very limited resources to combat traveling criminal elements which are increasing active in these jurisdictions.

RMIN provided analytical services to the Arizona Attorney General's Office, Arizona Department of Public Safety, Pima County and Cochise County (Arizona) Sheriff's Departments, the Tucson (Arizona) Police Department, Drug Enforcement Administration, U.S. Customs Service and the Internal Revenue Service, by providing link analysis of known marijuana smuggling organizations along the Arizona/Mexican border. This link analysis has identified over 830 persons and businesses. Millions of dollars have already been forfeited and additional assets are being identified and seized in connection with these cases.

The RMIN Intelligence Center personnel assisted Mohave County (Arizona) Sheriff's Office with identification of several suspects involved in a marijuana growing operation in Mohave Valley, Arizona. RMIN research assistance also help investigators identify several homes involved by utilizing photo imaging and heat detection devices. This investigation which also included the Drug Enforcement Administration and the U.S. Marshals Service, resulted in the arrest of seven persons and the seizure of 14,547 marijuana plants, valued at $50 million dollar street value. Two homes, valued at $400,000, and $25,000 in U.S. currency was also seized.

During 1990, RMIN was requested to do a telephone toll analysis on a crack cocaine distribution organization being investigated by the Salt Lake County (Utah) Sheriff's Office, Salt Lake City (Utah) Police Department, Utah Department of Public Safety, the Drug Enforcement Administration, Internal Revenue Service and U.S. Customs Service. The case involved the distribution of crack cocaine by the Los Angeles (California) Santana Crips street gang. The crack cocaine was being ship by common carrier to gang members in Utah. As a result of the toll analysis, primary suspects were identified which lead to a forty count indictment against five persons.

WESTERN STATES INFORMATION NETWORK
(WSIN)

The Western States Information Network was established in 1981. It is located in Sacramento, California, and its grantee agency is the California Department of Justice. WSIN covers the states of Alaska, California, Hawaii, Oregon and Washington, an area inhabited by approximately 31.8 million people. WSIN serves 788 municipal, county, state, federal member agencies.

During calendar year 1990, WSIN confidential funds were used to assist the San Diego County (California) District Attorney's Office in "Operation Blue Rag". This operation focused on crack cocaine and street gang related crime. This investigation resulted in the arrest of thirty eight people for sales of crack cocaine. Not only did this reduce the amount of crack cocaine being sold on the street, but drive-by shootings and homicides in the neighborhoods were almost eliminated.

In June of 1990, WSIN equipment was utilized by the California Bureau of Narcotic Enforcement, Los Angeles (California) Bureau of Organized Crime and Criminal Intelligence, Burbank and Whittier (California) Police Department in an investigation into the sale of cocaine. This investigation resulted in the arrest of five persons and the seizure of $15,000 in currency and 488 kilos of cocaine with a street value of $148 million dollars.

WSIN analytical staff received commendations for telephone toll analysis and charting. In April of 1990, three subjects were sentenced to prison for the cultivation of marijuana on national forest lands. This was one of the most complex investigations undertaken by the U.S. Forest Service. The charts produced by the WSIN analytical staff were an effective tool in the investigation and prosecution of the case and according to the U.S. Attorney, were instrumental in all of the defendants pleading guilty.

THE LEVITICUS PROJECT ASSOCIATION

The Leviticus Project Association was originally created in 1978, and provides a multi-state interagency program of coordination and cooperation for investigation and prosecution of organized crime in the coal, oil and natural gas industries. The Association includes thirty one law enforcement and regulatory agencies in Alabama, Arizona, California, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Mississippi, Missouri, New Mexico, North Dakota, Oklahoma, Pennsylvania, Tennessee, Texas, Virginia, West Virginia and Wyoming. Its grantee agency is the Virginia Department of Criminal Justice Services. Its administrative offices are located in Richmond, Virginia.

The Leviticus Project Association targets securities; tax, bank, and insurance frauds; theft of heavy equipment; advance fee schemes; industry related grand larceny and property theft; and fraudulent purchase contracts among other fossil fuel related crimes.

The Leviticus Project and member agencies in the states of Kansas and California investigated the sale of unregistered securities by unregistered broker/dealers, theft and fraud. The investigation resulted in arrest of three persons, the seizure of $1.3 million dollars and an IRS referral in the amount of $21 million dollars.

The Leviticus Project and member agencies in the states of California, Kansas and Texas cooperated in the investigation of the sale of unregistered securities by unregistered brokers. This investigation lead to the arrest of one person on ten charges. The subject has plead guilty and was fined $25,000 and ordered to make restitution in the amount of $2.1 million dollars. An IRS referral has been made in the amount of $2.1 million dollars.

PRISON CONSTRUCTION

STATEMENT OF MASON G. NOTTINGHAM, CITIZENS UNITED FOR THE REHABILITATION OF ERRANTS

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to present the views of Citizens United for the Rehabilitation of Errants (CURE) regarding 1992 appropriations. CURE is a national organization of the incarcerated and their families, exoffenders and others who have been dedicated to our goal to reduce crime through reform of the criminal justice system, especially prison reform. My dedication to the goal of CURE arises from some sixteen years of volunteer involvement within jails and prisons of Virginia and at the District of Columbia Lorton prison complex as well as recent advocacy work in Virginia and at the Federal level. We, in CURE, have in common with all who are concerned about criminal justice a desire to do the right thing towards a healthier, more peaceful society.

Support for Prison Funding

To the extent we have prisons, CURE fully supports full funding for security, education, treatment,and other programs needed for responsible, effective management. We are especially supportive of rehabilitative programs such as prison employment. The highly innovative and successful Federal Prison Industries program is particularly deserving of continued authorization and encouragement by Congress. We urge your help should critics mount another legislative assault on this program.

Opposition to Unbalanced Emphasis on Law Enforcement

What we oppose is the unbalanced reliance on law enforcement and prisons such as reflected in the 1992 and recent Federal budgets and incarceration rates which have doubled in the past two years with little apparent effect on rates of crime.

The comic strip character Pogo went into the Okefenokee Swamp several years ago to find the enemy. He came out with a profound and sorely needed revelation, "I have found the enemy, and he are us!" There is some amount of law enforcement and imprisonment necessary for general deterrence and to have society assert its demand for obedience to law; However, to the extent we pursue costly law enforcement in numbers beyond effectiveness we are our own worst enemy.

The solution to crime is more fruitfully directed to healing society so that it will press less for retaliatory measures and more for a restorative justice that seeks to right things for all. This emphasis doesn't overvalue retribution and punishment or undervalue treatment, intermediate sentencing, or other restorative corrective remedies. Many in all portions of the criminal justice system press for other solutions than imprisonment and with limited success. For example, the drug war has so-called "demand" components which are largely education and treatment efforts. Further, we should urge the Sentencing Commission to pursue expansion of intermediate punishments far beyond the rather limited approach now being developed.

Recommendation to Stop Appropriations for New Prisons Pending Evaluations of Need

Our principal concern today is the continued building of Federal prisons. CURE urges that no appropriations be enacted for the Buildings and Facilities account of the Federal Prison System. Funding would not be resumed until the Administration can provide satisfactory responses to a challenge which would require the Administration to:

-- Defend the comparable efficacy of the current high rate of law enforcement.

-- Energetically promote probation, parole, and intermediate sentencing.

-- Establish how long the drug war will last compared to the 50 year or longer life of prison structures.

The recommended action need not interrupt planned 1992-1993 prison construction since the Administration already projects a carryover of unused funds into 1993 of $736,166,000 (see attachment 2). A review could result in termination of projects for which funds are already provided. Alternatively, appropriations could be resumed on a firmer basis in 1993.

If the Federal criminal justice system simply used probation, parole, and intermediate sentences at a rate comparable to the U.S. as a whole the benefits would be considerable. Using budget prison population and capacity projections to 1995, and per prisoner cost factors (see attachment 1):

-- There could be 2,718 empty beds after using 1991 and prior year appropriations.

-- We could save $3 billion in prison construction.

-- We could, over 50 years, save $41 billion in prison operations.

All this with no reduction in the level of anticrime activity.

Unbalanced Emphasis on Law Enforcement

The attached summary on increased incarceration in the face of only slightly decreased violent crime illustrates the apparent marginal benefit of the current emphasis on anticrime activities (see attachment 3).

We are now the greatest imprisoner of any country's peoples- more than 4 out of every 1,000 persons (see attachment 4). According to estimates of the Sentencing Project, only two other nations are known to imprison more than 2 out of every thousand- South Africa, 3.3 out of 1,000 and the Soviet Union 2.7 out of 1,000. In view of this, the high level of U.S. anticrime activity seems marginal in effectiveness. For example, a publication by the American Bar Association estimates that, of 34 million serious crimes committed each year 31 million never result in arrest.

Anecdotal evidence or simple reasoning are also not supportive of current policy. For example, persons who fire and duck bullets to defend their drug turf are not significantly deterred by fear of the death penalty much less fear of arrest and incarceration. Further, even the few who turn away or are arrested are quickly replaced by others. A major purpose of the criminal justice system seems to be to instill fear in potential wrongdoers. But, in fact, rather than fear, there appears to be a numbnmess, resignation, or acceptance of prison as an accepted cost of the street life just as we accept mortgages-- "If you can't do the crime, don't do the crime" is a sometimes prideful remark of the repeat offender. Further, the high resort to arrest and imprisonment multiplies the candidates for the next generation of crime as more and more children become hardened from observing their parents or visiting them in prison. Thus, it appears that our overreliance on anticrime activities nurtures crime by returning violence for violence and we should clearly limit anticrime activity to that required to assert society's rightful demand for law and order and to provide a degree of general deterrence.

Specific Questions Raised

Before further funding is provided by this committee, we believe several policy questions should be resolved. Can the Justice Department adequately demonstrate benefit to law enforcement and imprisonment at levels anywhere approaching that which we are now experiencing? Should so much funding be dedicated to these purposes while people who need and want drug treatment are denied and judges who want to refer persons to treatment or intermediate sentences cannot do so? What would be the impact on prison needs if maximum, rather than restrained use of probation, parole and intermediate punishments were pursued? What would be the impact if mandatory sentences were eliminated?

Even if the degree of anticrime activity were unchallenged by this committee, there are several questions which should be raised. For example, how long do we need the prisons for which funding has already been provided, especially in view of the success in all goals reported in the 1991 Drug Control Strategy report from the President (see Attachment 5)? It should be noted that modernization projects planned for 1992 are for buildings which are 50 to 88 years old. In short, is there a reasonable end time which can be estimated for the drug war? Would such an estimate infer greater temporary overcrowding as an alternative to building permanent structures which would be around for 50 to as much as 80 years? What are the eventual operating costs for prisons which are already funded but not yet opened? What would the construction and operating costs be for additional prisons now planned under current policy for 1992 and future years? What would be the impact on these costs and population projections assuming a more optimistic projection of drug war success? To what extent is overcrowding due to housing immigrants and crimes other than drugs and what alternative policies can be addressed for these? How much of our current and future overcrowding is attributable to incarceration of lesser drug offenders as opposed to so called kingpins? Population projections are notoriously difficult. Does the Department of Justice have or can they develop low and high prison population estimates which reflect uncertainties in arriving at the published numbers?

Mr. Chairman, we are conscious of the pressure which the rightful desire to devote all that is necessary to fight drugs puts on this committee and that answers to some of our suggested questions necessarily require tough judgment of several lines of expertise. However, we believe that the Appropriations Committee should require from the Administration and the General Accounting Office additional data with which it can weigh alternative funding strategies for crime and to fight drugs. The buck stops here where funds are provided. We therefore urge that this subcommittee begin further examination of its criminal justice expenditures by withholding further appropriations for Buildings and Facilities until needed information required by the committee can be prepared and considered.

I'd like to conclude with some reference about the humanity of those in prisons and the rightful response of those of us who come from a more ordered background. I have sat down and listened to persons of all sorts of background and degrees of criminal behavior and can testify that all of them have at least equal value as persons to all of us. A great number have come from lives where imposition of standards of justice which we should expect from ourselves is just not real. As far as our response to crime is concerned, Winston Churchill and Dostoyevski have each stated that a society "is judged by its prisons." Compared to many other countries we can be proud of the quality of some of our prison systems. On the other hand, how do we judge ourselves with respect to the extent to which we use law enforcement and prisons? We seem to continue to doom ourselves with an us-them philosophy whereby we "us's" solve problems by catching "them" and locking them up. We "us's" end up paying more and more while crime continues, with all of the suffering of offender, family, and victims relatively unabated. There is greater need for wisdom, responsibility, and discipiine by the establishment. Your funding decision is a hingepoint for correcting this. We think the answer to a more disciplined society, where we are not our own worst enemies, is emphasis further away from so much reliance on law enforcement and imprisonment, and more to restorative activities such as treatment and public education. This is a tough, true justice which results in less crime and less prisons, more safety and more peace.

ATTACHMENT 1a

CITIZENS UNITED FOR THE REHABILITATION OF ERRANTS

Savings Attainable by the Federal System
Through a 73.4% rate of Probation, Parole, and Intermediate Sentences

Correctional Population - 1989

For the U.S. as a whole 73.4 % of the correctional population is on probation, parole or intermediate sentences. The Federal rate is only 61.5% as illustrated below.

	Total U.S. a/		Federal b/	
	Number	%	Number	%
Probation and parole	2,977,276	73.4	81,847	61.5
Jails and prisons	1,076,670	26.6	51,153	38.5
Total	4,053,946	100.0	133,000	100.0

a/ Based on Bureau of Justice Statistics Bulletin Probation and Parole, 1989.

b/ 1992 Federal Prison System budget justification for Buildings and Facilities, pp. 2,8. Data are approximate, except the jail and prison number.

ATTACHMENT 1b

Federal Savings Attainable

If the Federal record on use of probation, parole and intermediate sentences matched that of the nation as a whole, then construction of 30,437 beds would be unnecessary at a savings of $3 billion in construction costs and $38 billion in operating costs over 50 years. These data are derived as follows:

	Federal Correctional Population	Incarcerated		Probation and Parole	
		Number	%	Number	%
1989 Actual data					
Prob. and par. at current rate	133,000	51,153	38.5	81,847	61.5
Prob. and par. at total U.S. rate	133,000	35,378	26.6	97,622	73.4
Change		15,775		(15,775)	
% reduction incarcerated		30.8%			

Projected 50 year savings from 1995 reduced population	
1995 prison population projection a/	98,823
30.8 percent reduction as above	30,437
Savings in construction costs ($100,000/bed)	$3,043,748,400
Savings in operating costs ($25,000/bed for 50 years)	38,046,855,000
Total savings	41,090,603,400

a/ Page 10 of Buildings and Facilities justification.

ATTACHMENT 1c

Projected impact on prison overcrowding

The Federal lbudget projects 39% overcrowding and 71,104 beds from appropriations to date. However, the additional use of probation, parole and intermediate sentences would leave us with 2,718 empty beds as follows:

Capacity available from 1991 and prior appropriations a/	71,104
Above reduced population (98,823 - 30,437)	68,386
Surplus bed space	2,718

a/ Page 10 of Buildings and Facilities justification.

ATTACHMENT 2

CITIZENS UNITED FOR THE REHABILITATION OF ERRANTS

Carryover of Unused Funds

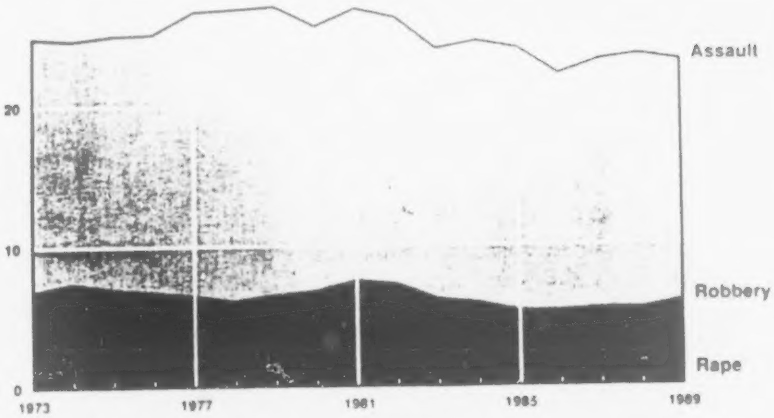
New construction during 1990 fell short of plans shown in the 1991 budget and a larger plan for 1991 remains unchanged in the 1992 presentation. Even if the 1991 plan is carried out as indicated, there is a substantial carryove beyond the budget year. Thus, no appropriation is required during 1992 excep future use. The data are summarized as follows:

	1990	1991	1992
New construction (obligations):			
1991 budget	$515,855	$1,213,598	N/A
1992 budget	262,526	1,213,598	485,016
Shortfall	(253,329)	0	
Carryover (unobligated balance, end of year):			
1991 budget	1,394,442	461,257	N/A
1992 budget	1,681,416	863,231	737,166
Increase	286,974	401,974	
Appropriation:			
Actual	1,449,074	374,358	
Requested			457,593
Excess of carryover over appropriation requrst			279,573

NOTE: CURE recommends no approptopriation. Policy changes could negate the need. A one year grace period for policy examination need not cause delays in construction since carryover of unobligated balances beyond 1992 exceeds the requested appropriation by $279,573,000.

Attachment 3

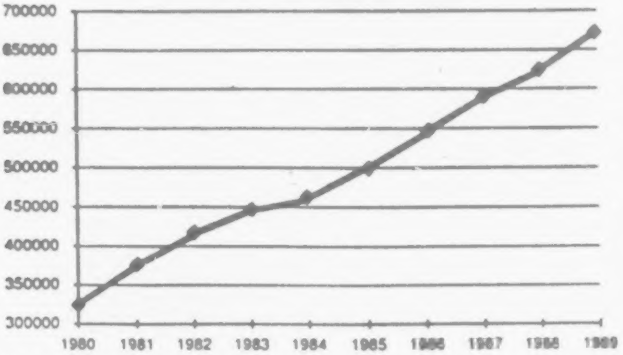
Slightly Decreasing Crime and Sharply Increasing Imprisonment



Trends in violent victimization, 1973-89

Rate per 1,000 persons age 12 and older

Source: BJS Bulletin, *Criminal Victimization 1989*, October 1990

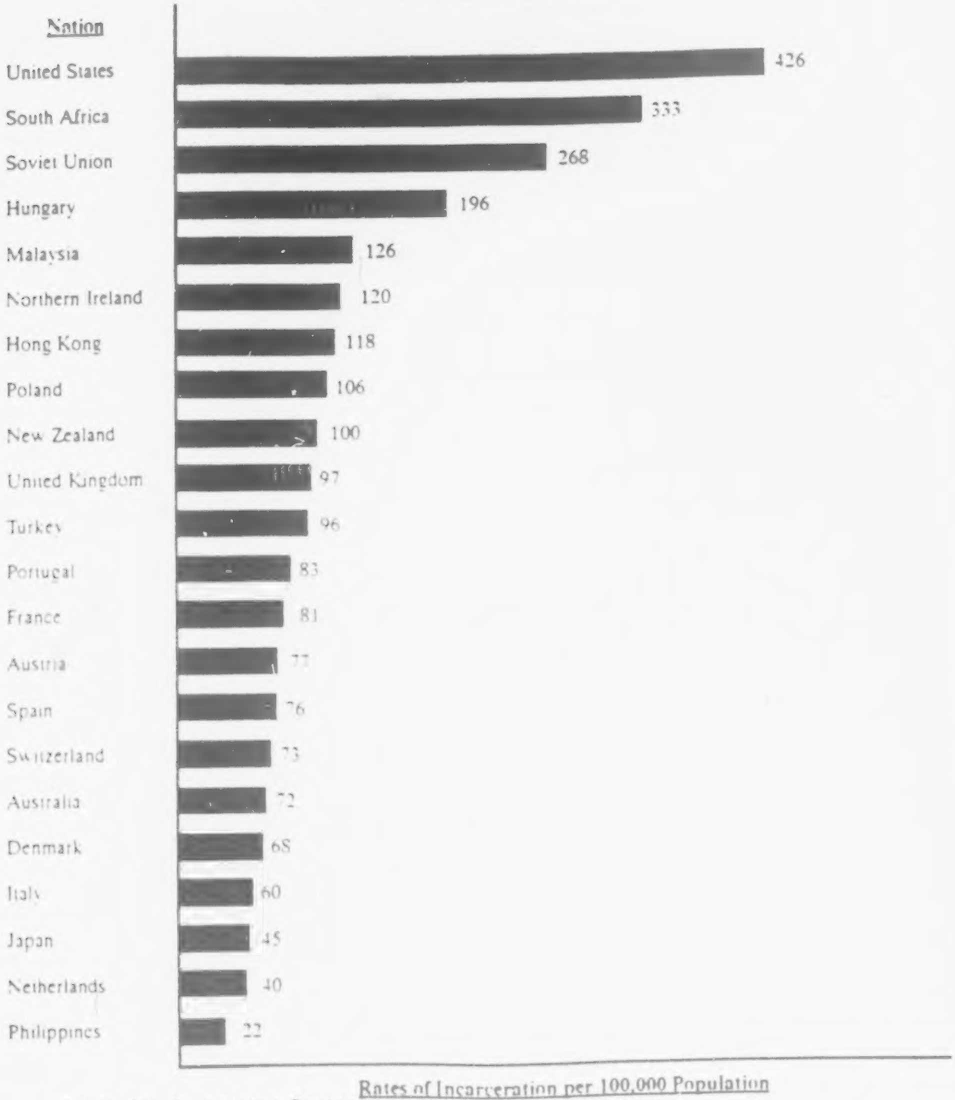


Total Inmates in State and Federal Prisons in the United States

Source: U.S. Department of Justice, Bureau of Justice Statistics.

Attachment 4

Incarceration rates for the United States, South Africa, and the Soviet Union in comparison to Europe and Asia



From: The Sentencing Project.

Source: Penal Reform International, using data from the Council of Europe and the Australian Institute of Criminology.

Attachment 5

NATIONAL DRUG CONTROL STRATEGY NATIONAL OBJECTIVES

	GOAL	ACTUAL
CURRENT OVERALL DRUG USE	-10%	-11%[3]
CURRENT ADOLESCENT DRUG USE	-10%	-13%[4]
OCCASIONAL COCAINE USE	-10%	-29%[1]
FREQUENT COCAINE USE	50% reduction in rate of increase	-23%[4] actual decline
CURRENT ADOLESCENT COCAINE USE	-20%	-49%[2]
DRUG-RELATED MEDICAL EMERGENCIES	-10%	-18%[5]
DRUG AVAILABILITY	-10%	data not yet available
DOMESTIC MARIJUANA PRODUCTION	-10%	data not yet available
STUDENT ATTITUDES TOWARD DRUG USE	-10%	-28%[6]

[1] Significant at the .01 level. [2] Significant at the .06 level. [3] Significant at the .15 level. [4] Significant at the .3 level. [5] No sampling variance. [6] Average of three separate measures; significant at the .01 level.

From: The National Drug Control Strategy, February 1991

NATIONAL CONSORTIUM FOR JUSTICE INFORMATION AND STATISTICS

STATEMENT OF GARY L. BUSH, CHAIRMAN, SEARCH GROUP, INC.

I am Gary L. Bush, Senior Policy Advisor for justice information systems for the Kentucky State Police. I write to you in my role as Chairman of SEARCH, the National Consortium for Justice Information and Statistics, ("SEARCH").

SEARCH is a nonprofit corporation supported by state dues and governed by an assembly of Governor appointees from each of the 50 states, the District of Columbia, Puerto Rico and the Virgin Islands. SEARCH's mission for over two decades has been to assist state and local criminal justice agencies in the use of information technology to combat crime.

The purpose of this submission is to seek you support for designating $700,000 in funding for SEARCH's National Technical Assistance and Training Program in the FY '92 appropriation for the Bureau of Justice Assistance, (BJA) in the Department of Justice. SEARCH received a designation of $700,000 in funding in the FY '91 appropriation. In order to continue to provide services to criminal justice agencies at the FY '91 level and in order to introduce critical new training programs, as set forth below, SEARCH's National Technical Assistance and Training Program would require an increase in funding to the $900,000.00 level. In recognition, however, of the severe funding pressures facing the Subcommittee SEARCH is formally seeking the same amount of funding as SEARCH received in FY '91 -- $700,000.00.

SUMMARY OF FY '92 PROPOSED ACTIVITIES

By the end of FY '91, SEARCH will have accomplished the tasks set forth below. With funding at $700,000.00 level, and notwithstanding that SEARCH's costs will increase in FY '92, SEARCH hopes to again accomplish the tasks set forth below.

- Provide technical assistance by telephone to officials from over 500 criminal justice agencies in virtually every state in the union.

- Provide in-depth technical assistance at SEARCH's National Computer Laboratory and Training Center for representatives from 25 to 30 state and local criminal justice agencies.

- Provide on-site, short-term assistance to approximately 40 state and local criminal justice agencies in about a dozen states.

- Provide long-term technical assistance to three state criminal justice agencies.

- Provide training to approximately 1,000 criminal justice officials from as many as 35 states.

- Continue to develop, test and implement state-of-the-art, public domain software for criminal justice use.

- Continue to implement the National Consortium of Criminal Justice Computer Laboratories and Training Centers.

- Continue to develop and publish practical criminal justice information system technical bulletins and reference guides.

With funding at the $900,000 level, however, the National Technical Assistance and Training Program would be able to accomplish the following:

- Assure no reduction in the level of services despite the increasing costs of providing such service;

- Introduce new training curriculum and courses in areas of developing information technologies and special problem areas;

- Update and enhance technical assistance services;
- Expand the number of criminal justice agencies that can obtain services;
- Expand the geographic representation of agencies;
- Expand the extent to which all components of the criminal justice system have access to technical assistance and training.

CONGRESSIONAL SUPPORT

SEARCH's National Technical Assistance and Training Program is unique -- it is the only national program that provides no-cost assistance to state and local criminal justice agencies with respect to the development, operation and/or improvement of their computer systems. Furthermore, because SEARCH's program is national, SEARCH is able to replicate successful computer applications in one state or locality and disseminate and transfer the successful application to other states and localities. In the same vein, because SEARCH's program is national, SEARCH is able to provide its assistance in a manner that promotes the interstate compatibility of criminal justice information systems. The beneficiaries are state and local criminal justice agencies throughout the nation; the federal government, which is the largest single consumer of arrest and conviction and other criminal justice information; and the public. Moreover, throughout its long history, SEARCH has emphasized that the collection, maintenance and dissemination of criminal justice information must be done in a way that is protective of privacy and civil liberties.

In recognition of the important and unique contributions made by the National Technical Assistance and Training Program, both BJA and the Congress have been extremely supportive. Members of the House and Senate Judiciary Committees, both Democratic and Republican, have consistently called for the improvement of state and local criminal justice computer systems. Most recently, on April 4 of this year SEARCH submitted testimony to the Subcommittee on Crime of the House Judiciary Committee with respect to criminal history background checks and criminal justice record information systems. Subcommittee members have emphasized that the federal government should provide support for improving the accuracy and completeness of automated criminal history record systems.

In the Omnibus Drug Initiative Act of 1988, for example, the Congress amended BJA's charter to reemphasize that BJA's express mission is to, "provide additional personnel, equipment, training, technical assistance and information systems for more widespread apprehension, prosecution, adjudication and attention and rehabilitation of persons . . . including criminal and justice information systems to assist law enforcement, prosecution, courts and corrections organizations (including automated fingerprint identification systems)." H.R. 5210, Omnibus Drug Initiative Act of 1988, Pub. L. 100-690, Section 6091.

In the Omnibus Crime Control Act of 1990, S.3266, the Congress again took action to emphasize its commitment to improving criminal justice information systems. Title XVIII of the Crime Bill requires, that effective in FY '92, each state which receives block grant funding from BJA, "allocate not less than 5 percent of such funds to improvement of criminal justice records".

In keeping with this emphasis, the members of this Subcommittee added language to the Conference Report to accompany the State, Justice, Commerce Appropriation Act for FY' 91 which provided "not less than $700,000 to support SEARCH Group, Inc. for their National Technical Assistance Program." Conference Report to accompany H.R. 4782, Appropriations for the Departments of Commerce, Justice, and State, The Judiciary and Related Agencies for the fiscal year ending September 30, 1991, 101st Cong. 2d Sess., S. Rep. No. 101-909 at 44.

BENEFITS OF NATIONAL TECHNICAL ASSISTANCE AND TRAINING PROGRAM

Perhaps at no time in the nation's history has more Congressional and executive branch attention been focused upon the important role played by criminal justice information systems and the need for improvement in the quality of these systems.

SEARCH's National Technical Assistance and Training Program:

- facilitates the development and implementation of state-of-the-art computer capabilities among state and local criminal justice agencies;

- promotes the replication and dissemination of successful computer strategies on a national basis;

- improves the accuracy, completeness, and reliability of arrest and conviction and other criminal justice information;

- enhances coordination, compatibility, and communication among criminal justice agencies, thereby contributing to the effectiveness of a national criminal justice information system; and

- increases the information capabilities of criminal justice agencies, particularly small- and medium-sized criminal justice agencies which often lack financial resources and specialized computer personnel to operate computer systems in a cost efficient and effective manner.

- improves the information system capabilities and proficiency of criminal justice officials through training courses offered at SEARCH's National Training Center and throughout the nation.

SEARCH's National Technical Assistance and Training Program assists in the reliable and timely identification of suspects and offenders; assists in the effective prosecution and adjudication of offenders, including drug related offenders; assists in the efficient use of criminal justice resources; and assists in the production of comprehensive and compatible criminal justice statistics and research information.

Furthermore, the National Technical Assistance and Training Program provides essential infrastructure support to targeted block and discretionary grant anti-crime and anti-drug initiatives. Without information and technology support, these initiatives are handicapped.

TECHNICAL ASSISTANCE

SEARCH provides technical assistance via the telephone and the mail, and, when the needs of agencies exceed the expertise of local resources or when the need is particularly acute, SEARCH also provides on-site technical assistance -- from two weeks to several months.

In-House

SEARCH's program of in-house technical assistance provides access to a unique, centralized source of data about information systems and related technologies that would otherwise be beyond the reach of most criminal justice agencies and, particularly, small- and medium-sized agencies. By placing a simple phone call, state and local criminal justice agency official have immediate access to the specialized knowledge of SEARCH's professional staff. SEARCH annually receives hundreds of these service requests, and in response, project staff conducts research, provides references and referrals, and disseminates a wide range of written materials, including reports, manuals, guides, and system documentation. Based on past experience, we anticipate that in FY '92 SEARCH will respond to approximately 500 telephone service requests each of which, on average, will require two hours of staff time.

SEARCH's Membership Group of Governors' appointees and SEARCH's Criminal Justice Information Network (a network of criminal justice professionals with special expertise in information systems) are also available for consultation.

Collectively, these groups provide in-depth expertise on issues spanning all components of the criminal justice system.

As an example of telephone support, SEARCH recently was asked by a state criminal justice agency to review documentation and planning reports and provide assistance in the state's effort to develop an integrated criminal justice information system. The assistance included several lengthy telephone conferences, review of various agency reports and plans and the development of recommendations regarding state agency objectives, and future directions. Additional, periodic consultation is anticipated as the agency progresses in its development.

As another example, SEARCH recently provided technical assistance to the state of New Hampshire in connection with New Hampshire's effort to develop an RFP for acquisition of an automated fingerprint identification system. SEARCH has reviewed material and provided New Hampshire with a written evaluation.

In addition to telephone and mail support, in-house technical assistance includes support for justice practitioners who visit SEARCH's National Criminal Justice Computer Laboratory and Training Center at SEARCH headquarters in Sacramento, California. These officials usually seek staff review, testing, and recommendations with respect to a specific software package or system. Every year, approximately 25 practitioners from all parts of the country receive one-on-one technical assistance in the National Laboratory and Training Center.

Perhaps the most dramatic in-house technical assistance provided during 1990 concerned the examination of microcomputers seized as evidence in two criminal cases. On July 3, 1990 detectives from a county sheriff's office contacted SEARCH and requested technical assistance in the examination of a microcomputer system which detectives had seized from a methamphetamine manufacturer. SEARCH staff examined system hardware along with 36 floppy disks and located information on the suspect's login and identified pass words for several bulletin board systems. Additional evidence linking the suspect to a narcotic connection was recovered from the disks. On July 30, 1990 county officials sent an additional cache of disks to SEARCH. Examination of those disks revealed several references to key suspects in the case.

On October 9, 1990 a district attorney's office contacted SEARCH and requested technical assistance in the examination of three microcomputers which had been seized in an embezzlement and explosives possession case. The three microcomputers were delivered to SEARCH along with approximately 150 floppy diskettes. Staff used specialized software to examine the computers for evidence. Although the suspect had attempted to destroy evidence in the system, staff was able to recover much of the information. The recovered information assisted the district attorney's office in tracking the loss of funds estimated to be in excess of $300,000.

If funding permits, SEARCH expects in FY '92 to provide officials from 25-30 criminal justice agencies with customized, in-house technical assistance in the National Computer Center and Training Laboratory in Sacramento.

On-site

The National Technical Assistance Program also provides on-site assistance to agencies that have special needs in automating their information system. Priority for technical assistance is given to block grant recipients, and among them, to grantees implementing operational, public domain systems. Since 1986, SEARCH has provided technical assistance to scores of agencies in over 40 states (including the District of Columbia, and the territories of Guam and the Virgin Islands) representing all components of the criminal justice system.

The vast majority of our technical assistance is completed within a month, consists of a single site visits by two staff of approximately 2-3 days duration, and includes staff preparation, follow-up and production of formal report. In the past eighteen months, short-term technical assistance was extended to state criminal justice agencies in Arkansas, Connecticut, Hawaii, Maine, West Virginia, and Wisconsin. In addition, during this time period SEARCH has provided on-site technical assistance to local criminal justice agencies in Portland, Oregon, Seattle, Washington, Bismark, North Dakota and San Berdino, Woodland and Campbell County, California. In addition, SEARCH provided technical assistance and training presentations during 1990 to criminal justice professionals in Florida, Alabama, Louisiana, Virginia, California, Idaho, North Dakota, and South Carolina. With funding at the $700,000 level, SEARCH would expect to provide on-site, short-term technical assistance to about 40 criminal justice agencies in about a dozen states.

Beyond these efforts to provide short-term assistance, there exists a pressing need to provide more extensive, long-term technical assistance to states and/or agencies within states that are predominantly non-automated or that seriously lag in their efforts at automation. In response, SEARCH provides a limited number of agencies with technical support for up to several months, including multiple on-site visits, research and, oftentimes, complementary training sessions.

Depending upon the needs of the particular agency or state, the long-term assistance may include help in evaluating and planning the statewide integration of automated justice information systems or in enhancing, expanding or implementing a computerized criminal history (CCH) repository program. In our experience, this type of project often produces knowledge and products suitable for transfer to other jurisdictions. Indeed, the vast majority of SEARCH's technical assistance is multi-jurisdictional. When SEARCH provides technical assistance in one state, SEARCH often involves practitioners from surrounding jurisdictions.

In the last eighteen months, SEARCH has provided extensive, long-term technical assistance to criminal justice agencies in Arkansas, West Virginia, Indiana, Kansas, Mississippi and Michigan. In Fiscal Year 1992, assuming adequate funding, SEARCH expects to conduct long-term efforts in three additional states to extend over the course of several months.

Software Development

Another component of the National Technical Assistance Program has been the development of public domain software for automated information systems. SEARCH has created, supported, and documented software for prosecutors (D.A.'s ASSISTANT™); jail administrators (LOCKDOWN™); and has just completed development of a highly promising statewide information management system for law enforcement officers.

D.A.'s Assistant has been implemented statewide in New York, Vermont and Missouri. North Dakota also has plans to implement D.A.'s Assistant during 1991. LOCKDOWN has been implemented in approximately 110 agencies throughout the nation. SEARCH's law enforcement management system is a public domain, microcomputer based system that automates the principal information processing and record keeping functions of local law enforcement agencies. This system is a core system which can be broadly implemented in state and local agencies throughout the nation. Designed on commercial database management software, the system functions as a foundation or platform which agencies can easily customize to address their unique information needs.

Through these system development projects, SEARCH, in conjunction with BJA and cooperating state agencies, plays an important role in setting standards and promoting national compatibility and uniformity.

NATIONAL TRAINING PROGRAM

Complementing the Technical Assistance Program is SEARCH's National Training Program which, since 1986, has trained nearly 5,000 criminal justice officials from 43 states, 2 territories and the District of Columbia in the use of computers and other information technologies. In FY '89 and '90 alone, SEARCH provided training to approximately 2722 state and local criminal justice officials from throughout the nation; of whom 678 received training at the National Training Center in Sacramento and 2044 received training in outreach classes conducted by SEARCH across the country.

The National Criminal Justice Computer Laboratory and Training Center serves as a hands-on resource for criminal justice practitioners to learn about and evaluate computer technology. The National Computer Laboratory and Training Center is presently configured with over 20 micro-computers using various operating systems and is equipped with state-of-the-art training technology. Classes are limited to about 25 students, thus affording a high instructor-to-student ratio. It is critical that this technology be maintained and updated on a regular basis. Federal support enables SEARCH to repair and upgrade the computer hardware as well as debug, update and modify software applications.

In addition, SEARCH conducts numerous regional, state, and local training sessions at the National Computer Laboratory and Training Center in order to make the most cost-effective use of grant funds and to reach the widest range of criminal justice practitioners requiring computer-related training. SEARCH also responds to requests from national, state and local criminal justice organizations and agencies to provide training to their members and staff.

Training sessions are customarily three to five days in length and include introductory courses such as Microcomputer Technology for Criminal Justice Agencies and Data Processing for Law Enforcement Managers, as well as advanced coursework in such topics as Planning for Automated Systems, Crime Analysis, the Investigation of Computer Crime, Database Applications in Criminal Justice and the Seizure and Examination of Microcomputers as Evidence in Criminal Cases.

If funding permits, SEARCH plans in FY '92 to conduct 25 training sessions at the National Computer Laboratory and Training Center and another 10 sessions in as many states. Based upon past experience, we anticipate that these sessions will be attended by approximately 1,000 criminal justice officials from as many as 35 states. In addition, the National Computer Laboratory and Training Center is open to other justice agencies for training. Based upon past experience, we anticipate that the California Department of Justice, and the California State University at Sacramento and other Office of Justice Programs grant recipients will conduct training sessions at the National Training Center.

The National Technical Assistance and Training Program also supports SEARCH's National Consortium of Criminal Justice Computer Laboratories and Training Centers.

Rather than develop entirely new training centers dedicated solely to training criminal justice personnel, the Consortium seeks to identify existing microcomputer-equipped facilities that can be used as regional training centers for state and local criminal justice officials. The Consortium provides a vehicle for disseminating training curricula and information to be offered by all Consortium members; fosters cooperation and coordination between the academic and operational justice communities; and encourages the development of additional training and technical assistance resources for criminal justice practitioners within local communities.

Work in building the Consortium is well underway. In response to a survey administered last year, SEARCH has identified about 250 individuals and institutions in 39 states, and the District of Columbia which have indicated an interest in participating in the Consortium. SEARCH is presently organizing a national conference which will access the current status and future directions of criminal justice automation training and education and will give focus and structure to the Consortium. Proceedings of the conference, suitable for publication, will be prepared and disseminated.

In addition, and as a result of the survey responses, SEARCH will publish a Directory of Technical Assistance Providers. The Directory will identify and document technical assistance providers and serves as a centralized national clearing house for this type of information. In conjunction with the Directory of Technical Assistance Providers SEARCH will also prepare and publish a Directory of Automation Training Facilities which will identify microcomputer training laboratories throughout the nation operated by colleges, universities and state police training academies, available to criminal justice agencies.

TECHNICAL ASSISTANCE AND TRAINING MATERIALS

SEARCH's National Technical Assistance and Training Program also includes the preparation, publication and national dissemination of materials and reports that assist criminal justice agencies in acquiring and using computers and other information technology. SEARCH will publish and disseminate quarterly "Technical Bulletins" which identify and evaluate emerging information systems and technologies that have application in criminal justice management. The Bulletins will not only be a vital resource for criminal justice practitioners but will also help to identify and encourage potential markets for private sector development. Other types of SEARCH technical publications have included reports on topical issues such as: automated fingerprint identification systems (AFIS) and other biometric technologies; directories which identify existing information systems for potential transfer; program briefs, which guide agencies in implementing automated information systems; and comprehensive documentation for SEARCH authored software.

CONCLUSION

Federal support for SEARCH's National Technical Assistance and Training Program does not promise a quick victory or big headlines in the war against crime and drugs. But, without question, federal support for the National Technical Assistance and Training Program makes a vital contribution to the war on drugs and crime. For a modest federal investment, leveraged many times over by state and local funds, a critical contribution is made to the ability of state and local criminal justice agencies to provide timely, accurate and compatible information for use in apprehending, prosecuting, and sentencing offenders.

Accordingly, we respectfully request that the Subcommittee act to ensure that Fiscal Year 1992 funding of SEARCH's National Technical Assistance and Training Program remain at least at the $700,000 level. We thank you, Mr. Chairman and Senator Rudman for your continued support and we look forward to working with you, the members of the Subcommittee and the excellent Subcommittee staff in this year's appropriations process.

DEPARTMENT OF JUSTICE

STATEMENT OF FATHER T. BYRON COLLINS, S.J., SPECIAL ASSISTANT TO THE PRESIDENT, GEORGETOWN UNIVERSITY

Dear Chairman Hollings and Senator Rudman:

I am Father T. Byron Collins, S.J., Special Assistant to the President of Georgetown University. I am submitting this testimony in support of the national coordinated Law-Related Education program ("LRE").

SUMMARY

For FY '91 the conference agreement to accompany the State, Justice Commerce appropriation included $3.2 million for the National, Coordinated Law-Related Education ("LRE") program. This earmark reflects the authorizing language in the Office of Juvenile Justice and Delinquency Prevention's ("OJJDP") charter which states that the "Administrator [of OJJDP] shall, by making grants and entering into contracts... develop or implement further a coordinated, law-related education program." 42 U.S.C. § 5665 (a)(6). This earmark also reflects long standing and bi-partisan, Congressional support for LRE and the results of several independent evaluations showing that LRE participation, "serves as a significant deterrent to delinquent behavior".

LRE is seeking an earmark in the same amount ($3.2 million) for FY '92. With this funding LRE would undertake the following activities.

- Maintain the LRE network at 49 states the District of Columbia and Puerto Rico (under FY '91 funding the jurisdictions of South Dakota, Wyoming and Puerto Rico are entering the program).

- Continue the same level of training, technical assistance, curriculum development and coordination for the state programs as was provided in FY '91, notwithstanding an increase in LRE costs. In 1990 LRE:
    - Conducted 625 training and technical assistance conferences.
    - Trained 11,000 teachers.
    - Reached 928 principal and school district administrators.
    - Reached 1,564 justice system resource persons.
    - Reached 1.3 million elementary and secondary students in 935 elementary schools and 2,590 secondary schools.
    - Reached students on a federal per dollar basis of $2.30 per student.
    - Directly passed through to the state programs over $500,000.00 out of the $3.2 million.
- If LRE were to receive a $3.2 million earmark in FY '92 LRE would target almost one half of this funding on three initiatives.
    - The Drugs, Law and School program which incorporates real world anti-drug community service experiences into classroom lessons.
    - The LRE in Juvenile Justice Settings program which, in response to a Congressional directive in the 1988 OJJDP reauthorization, brings the LRE program to at-risk juveniles in group home and juvenile training and detention settings.
    - The "LRE and Urban Schools" initiative, aimed at combating youth gangs and violence.

CONGRESSIONAL SUPPORT

Mr. Chairman, and Senator Rudman you and the Subcommittee have been most supportive of this vital delinquency prevention effort. Most recently, the Conference report to accompany the fiscal year 1991 State, Justice, Commerce appropriations legislation stated:

> The conference agreement includes . . . $3,200,000 for the coordinated, Law-Related Education (LRE) program. The conferees expect that funding for LRE should continue to be provided by the same LRE organizations that have previously received funding.

Conf. Rpt. to accompany H.R. 5021, Rep. No. 101-909, 101st Cong., 2nd Sess. at 45 (October 20, 1990).

In previous years, the Conference has also included express language in its reports directing funding for this vital program. H. Rep. No. 101-299 101st Cong., 1st Sess. 39 (1990); S. Rep. No. 979, 100th Cong., 2nd Sess. 35 (1989); S. Rep. No.

182, 100th Cong., 1st Sess. 48 (1987); S. Rep. No. 425, 99th Cong., 2d Sess. 45 (1986); S. Rep. No. 150, 99th Cong., 1st Sess. 42 (1985); and S. Rep. No. 206, 98th Cong., 1st Sess. 45 (1983).

The authorizing committees have also sought to maintain the coordinated, national Law-Related Education program as a top priority, special emphasis prevention and treatment program. See Hearings on H.R. 1801 Before the Subcomm. on Human Resources of the House Comm. on Education and Labor, 100th Cong., 1st Sess. 204-19, 223-24 (1988) (Serial No. 100-51). In reauthorizing the Office of Juvenile Justice and Delinquency Prevention ("OJJDP"), the 100th Congress retained statutory language expressly stating that the "Administrator [of OJJDP] shall, by making grants and entering into contracts ... develop[ing] or implement[ing] further a coordinated, national law-related education program." The 100th Congress also amended OJJDP's charter to strengthen and broaden LRE's authorization by requiring OJJDP to expand the LRE program to include "disseminating information regarding model, innovative, law-related education programs to juvenile delinquency programs, including those that are community based, and to law enforcement and criminal justice agencies for activities relating to juveniles." H.R. 5210, the Omnibus Drug Initiative Act of 1988. Pub. L. No. 100 - 690; codified at 42 U.S.C. § 5665 (a)(6).

Over the years, many members of Congress, both House and Senate, both Democratic and Republican, have expressed their strong support for LRE.[1]

We respectfully request that the Subcommittee act to ensure that fiscal year 1992 funding of the national coordinated Law-Related Education program continue to be earmarked at the current 3.2 million dollar level. This level of funding is the minimum necessary in order to maintain past levels of service; permit the LRE program to continue to expand into non-school settings where the problems of drugs and violence are most acute; and continue the national implementation of vital and successful programs that comprise LRE's Drugs, Law and the Schools initiative. Funding the national Law-Related Education program, coordinated by those organizations with the experience and expertise necessary to ensure proper implementation, represents an investment in democracy; an investment in public safety; and an investment in the eradication of drugs and teen violence.

THE LRE MISSION

LRE performs one of the most critical functions in our democracy -- it teaches young people about the foundations of our free, democratic society and their rights and responsibilities as citizens. Through a cooperative effort by five not-for-profit organizations -- the American Bar Association, the National Institute for Citizen Education in the Law, the Constitutional Rights Foundation, the Center for Civic Education/Law in a Free Society, and the Phi Alpha Delta Public Service Center -- the national, coordinated LRE program helps young people avoid the scourge of drugs, violence and juvenile delinquency and become effective, law abiding and participating citizens. Specifically, the national LRE program coordinates and assists law-related education programs throughout the nation by providing training and technical assistance; information resources; preliminary assistance to future sites; program and curriculum development; and assessment and management services.

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[1] See, for example, Oct. 21, 1988, Cong. Rec. page H. 11220; Oct. 14, 1988, Cong. Rec. page S. 16102; Oct. 18, 1988, Cong. Rec. pages S. 16781-82; Oct. 18, 1988, Cong. Rec. page S. 16775; Oct. 21, 1988, Cong. Rec. page S. 17308; Oct. 14, 1988, Cong. Rec. pages S. 15960-62 and 16071-2; Nov. 10, 1988, Cong. Rec. page S. 17353; Nov. 10, 1988, Cong. Rec. page S. 17387.

LRE ACCOMPLISHMENTS

The national, coordinated Law-Related Education program is deeply appreciative of the support that it has received from this Subcommittee; from the authorizing committees; from the Congress as a whole; and from OJJDP.

- With your support, we have been able to expand Law-Related Education programs from the original 11 target states to 47 states and the District of Columbia as of mid-1991.
- With your support, we have continued to provide materials, training, and technical assistance services to all of the state programs involved in the national Law-Related Education network.
- With your support, the national, coordinated LRE program conducted 625 training and technical assistance conferences, seminars, meetings and workshops throughout the nation in 1990. Through this effort we were able in 1990 to train nearly 11,000 teachers, 928 principals and school district administrators and 1,564 justice system resource persons. In 1990 nearly 1,500 persons also attended our state-based leadership training programs. Based on the number of classroom teachers attending our training events, we estimate that in 1990 LRE reached almost 1.3 million elementary and secondary students in 935 elementary schools and 2,590 secondary schools in 47 states and the District of Columbia. The cost, in federal dollars, of bringing LRE to young people is approximately $2.30 per student.
- With your support, LRE added four new jurisdictions in 1990: Oklahoma, Alabama, West Virginia and Delaware.
- With your support, LRE continues to be successfully institutionalized, that is to say, made a permanent part of school curriculum. A recent independent evaluation of LRE found that: (1) important progress is being made in institutionalization; and (2) the national coordinated LRE program plays a vital role in institutionalizing LRE through its provision of materials, training, and technical assistance.
- With your support, the national coordinated LRE program will continue to provide direct financial assistance to not only LRE programs in states newly added to the network but also to established state programs. Of the 3.2 million in funding provided to the national program for FY '91, 509,500 was passed through directly to the state program. The remainder, of course, was used for technical assistance, training, curriculum and other services for the state programs.

LRE EVALUATION

The impact of these accomplishments is especially significant in that the national, coordinated LRE program is one of the only programs which has been proven to help to prevent a broad range of delinquent acts. The Office of Juvenile Justice and Delinquency Prevention has noted that evaluations of the Law-Related Education program have been, "encouraging . . . confirming the previous findings that such education serves as a significant deterrent to delinquent behavior." U.S. Department of Justice, OJJDP, Eighth Analysis and Evaluation of Federal Juvenile Delinquency Programs at p.69 (1985). The Twelfth Analysis and Evaluation of Federal Juvenile Delinquency Programs published in 1988 similarly states "[A] national study suggests that Law-Related Education ("LRE"), when properly implemented, can reduce the tendency to engage in delinquent behavior." (at p. 57).

In May of 1990 the Social Science Education Consortium of Bolder, Colorado completed an independent evaluation funded by OJJDP to determine the extent to which teachers who attend LRE training sessions actually use LRE curriculum and teach LRE courses. The Consortium found that 73 percent of those teachers who had attended LRE training were teaching LRE or had taught an LRE program in the prior three years. In addition, of those teachers attending LRE training programs who were not currently teaching LRE the evaluation found that 81 percent would like to be teaching LRE. The evaluation also found an extremely high level of enthusiasm for LRE among teachers.

Law-Related Education has been shown to change students' attitudes toward authority figures such as judges, police, teachers and parents. It has also caused young people to identify and interact more with peers who are involved in positive community action and reject those who take part in anti-social behavior. The Law-Related Education programs's success is based principally on a delinquency prevention theory known as "bonding" whereby youths learn that our legal and governmental systems are based on sound principles with which they can identify, thus causing them to "bond" to society's accepted values, norms and institutions. Students raise their sense of self-worth through participation in activities such as mock trials and community action projects which show them that they can be successful and have the ability to contribute to society in many positive ways.

PLANS FOR THE FUTURE: LRE INITIATIVES ON DRUGS, LAW AND THE SCHOOLS; LRE IN JUVENILE JUSTICE SETTINGS; AND LRE IN URBAN SCHOOLS

In FY '91 South Dakota, Wyoming and Puerto Rico will be joining the LRE Program. By the end of 1991 - 49 states, the District of Columbia and Puerto Rico will be participating in LRE.

The national coordinated LRE program intends to focus nearly half of LRE's resources for fiscal year 1992 on two vital initiatives: (1) further implementation of LRE's highly successful Drugs, Law and the Schools program, now in its third year; and (2) further implementation of LRE in Juvenile Justice Settings -- programs for at-risk youth in non-school, juvenile justice settings such as youth group homes -- now in its second year. Both of these national initiatives will be supported by direct seed grants to participating states along with training, technical assistance, curriculum development and research and development efforts. In addition, in FY '92 the national coordinated LRE Program is will build on work begun in FY '91 to develop a new program, in Urban Schools, focused on reducing violence and other devastating effects of youth gangs.

Under LRE's Drugs, Law and the Schools program, LRE implements programs that attach real world anti-drug community service experiences to classroom lessons. These programs demonstrate to young people that they can help to reduce the level of violence and the use of drugs in their own schools and communities. As of October, 1990 the national, coordinated LRE program was disseminating Drugs, Law and the Schools materials in 36 states and the District of Columbia. The initiative has helped to build a local partnership between LRE practitioners and educators and community resource persons involved in a variety of drug-free school programs. All available indications suggest that this program is an important success. Indeed, demand for materials has exceeded capacity in many jurisdictions.

The LRE in Juvenile Justice Settings program was a Congressional priority in the 1988 reauthorization. This program is also continuing to be successfully implemented on a national basis. During the 1990 - 91 program year the national coordinated LRE program funded 16 pilot efforts in 14 states including Iowa and Kentucky. Teams of LRE practitioners from 35 states and the District of Columbia attended the program's first ever national conference in Kansas City, Missouri in September of 1990. Interest among juvenile justice leaders in LRE's Juvenile Justice Settings program exceeds LRE's current capacity.

In initiating a pilot project -- LRE and Urban Schools -- aimed at youth gangs, the national coordinated LRE program is responding to calls throughout the nation for assistance in combating burgeoning problems of teenage gangs and teen violence. Under this initiative, LRE is developing programs that teach young people the dispute resolution skills that they need in order to resolve problems in schools, families and neighborhoods without resort to violence or participation in urban gangs. LRE practitioners are optimistic that targeting LRE's teaching methods and curriculum on the special problems of youth gangs and teen violence, will be as successful in this setting as LRE's programs have been in other settings.

CONCLUSION

The national, coordinated Law-Related Education program is comprised of many facets: teaching techniques and philosophy; an orientation toward attacking particular types of problems; an orientation toward serving at-risk young people; a body of curriculum; and one thing more -- a tangible, nuts and bolts organization. The national, coordinated Law-Related Education program is comprised of the Constitutional Rights Foundation; the Center for Civic Education; the National Institute for Citizen Education in the Law; the American Bar Association's Special Committee on Youth Education for Citizenship; and the Phi Alpha Delta Public Service Center. Together, these organizations have established a federation; a structure; an organization -- the national, coordinated Law-Related Education program. Operating this program requires the combined efforts of literally thousands of employees and volunteers in 47 states and the District of Columbia, and requires appropriate communication, coordination, division of responsibility, and accountability. Nothing less would be sufficient to sustain, operate and build this ambitious and important program.

Every federal dollar committed to the national, coordinated LRE program is leveraged by state and community contributions an estimated seven times. Without question, the program has proven productive and cost effective. Our traditional decentralized system of education requires a continuing and expanding Law Related Education effort in order to reach students in those school districts and schools not yet involved in this important effort, as well as in non-school settings.

At a time when world events demonstrate each day the value of a citizenry knowledgeable in democratic principles and committed to the respect for law that is the basis for this country's enduring stability, the national, coordinated LRE program provides vital opportunities for our nation's youth. By expanding these proven techniques to address the urgent problems of drugs and violence, the coordinated, national Law-Related Education program holds special promise for the future of our nation's youth.

I thank you both and the members of the Subcommittee for your continued support.

CHIEF FINANCIAL OFFICERS ACT OF 1990

STATEMENT OF JACK HIGGINS, CHAIRMAN, COMMITTEE ON GOVERNMENT LIAISON FINANCIAL EXECUTIVES INSTITUTE

BACKGROUND

Mr. Chairman, and Committee Members: My name is Jack Higgins. I greatly appreciate the opportunity to present this statement to the Subcommittee to discuss the need for support of the resources necessary to implement the Chief Financial Officers Act of 1990 ("CFO Act").

I am the Chairman of the Committee on Government Liaison of the Financial Executives Institute, a professional association of over 13,500 senior financial executives from 7,000 major companies throughout the United States and Canada.

Mr. Chairman, the CFO Act was passed by Congress as a step down the lengthy road toward federal financial management reform. The need for such reform is great. In testimony before Congress, Office of Management and Budget Director Richard Darman conceded that management problems in the federal government are enormous and that mismanagement could ultimately "affect the basis for confidence in democratic government." The budget crises facing the nation -- multibillion dollar deficits -- leaves the federal government little choice but to adopt responsible financial management policies.

Until the passage of the CFO Act, no one entity was solely vested with the responsibility for oversight of financial management practices in the federal government. Responsibility for this function was segregated among a number of Executive agencies and Congress. This resulted in fragmented oversight, at best, and negligible accountability relative to that normally found in most businesses. This deplorable situation exposed the government to even greater risks of waste, fraud, and abuse. With the federal government's total operating budget currently in excess of $1 trillion annually, we who are responsible for corporate financial management found this situation completely incomprehensible and intolerable.

Responding to these concerns, the Congress, in the last hours of the 101st Session, enacted the CFO Act. This new law provides broad statutory authority to officials responsible for financial management in the Office of Management and Budget and in 23 departments and executive agencies. The Act enjoyed strong bipartisan support in both the House and Senate, and the Administration has expressed a strong commitment to its implementation.

PROVISIONS OF CFO ACT

While the CFO Act creates new reporting responsibilities for the Office of Management and Budget, the General Accounting Office, and individual Inspector Generals, it is the new responsibilities of the Executive agencies that I bring to your attention today. The new responsibilities of departments and agencies include the following.

(1) The CFO Act directs that all 14 cabinet departments and nine major agencies shall have a Chief Financial Officer who shall report to the agency head. Department CFO's and the CFO's at EPA and NASA shall be appointed by the President and confirmed by the Senate and be at executive level IV. The remaining agency CFO's shall be appointed by the head of the agency and be career government servants.

(2) Agency CFO's must possess demonstrated ability in general management and knowledge of and extensive practical experience in financial management practices in large governmental or business entities.

(3) OMB is required to issue guidelines on how agencies should reorganize their financial management operations under the agency CFO. Upon receiving the guidelines from OMB, the head of each agency must submit a reorganization proposal to the Director of OMB. OMB has 60 days to approve or disapprove the proposal and notify the head of the agency.

(4) Not later than June 30 of each year, each department and agency shall prepare and have audited financial statements for their revolving funds, trust funds, and commercial activities for the preceding fiscal year. It also requires six departments, two administrations, and two services to prepare agency-wide financial statements on a test pilot basis. The statements are intended to identify financial weaknesses and vulnerabilities within agency operations. The statements and audits for each agency shall be submitted to OMB which shall submit a final copy of the reports to Congress.

(5) Government Corporations are required to prepare financial statements and audits each year. The corporations must also submit an annual management report to Congress not later than 180 days after the end of their fiscal year.

APPROPRIATION SUBCOMMITTEE ISSUES

Members of Financial Executives Institute's Committee on Government Liaison are very concerned about the level of resources directed to implement this new law. We have prepared the following suggested questions which we urge you to pose to agency heads under your Subcommittee's jurisdiction. We have also taken this opportunity to prepare elements of what we perceive to be the appropriate response by the departments.

(1) Question: Has your agency identified a Chief Financial Officer and Deputy Chief Financial Officer in accordance with the CFO Act of 1990?

Suggested Response: By this time, all departments and agencies should have identified Chief Financial Officers.

The CFO Act directs that departments and major agencies shall have a Chief Financial Officer who shall report directly to the agency head. Each of these CFOs will have a deputy who shall be appointed by the head of the agency and have a career reserved position in the Senior Executive Service. Sixteen of the 23 agency Chief Financial Officers are to receive compensation at the executive level IV.

This new law was not seen as a vehicle to simply elevate current incumbents to a new senior level. Framers of the CFO Act envisioned the cabinet departments searching extensively for personnel with broad experience as a senior financial executive in a corporate or government setting. New offices should be developed separating the finance function from other administrative responsibilities of a federal agency. Additionally, the office of the CFO should have adequate manpower and budgetary support to successfully carry out its mission.

(2) **Question: What is the background and experience of your Chief Financial Officer and what authority does this individual hold?**

Suggested Response: All Chief Financial Officers should possess demonstrated ability in general management and knowledge of and extensive practical experience in financial management in large governmental or business entities. Section 902(a) of title 31 prescribes the authority and functions of the agency CFO. They include:

A. Report directly to the head of the agency regarding financial management matters;

B. Oversee all financial management activities relating to the programs and operations of the agency;

C. Develop and maintain an integrated accounting and financial management system, including financial reporting and internal controls;

D. Recommend to the head of the agency individuals to be selected as the Deputy CFO;

E. Direct, manage, and provide policy guidance and oversight of agency financial management personnel, activities and operations in the areas of implementing the five-year financial management plan prepared by the OMB Director, recruitment of financial management personnel, systems design, and asset management systems;

F. Prepare and transmit an annual report to the agency head and the Director of OMB, which includes an analysis of the status of financial management in the agency, including any annual financial statement and audit report, and a summary of the report on internal accounting and control systems;

G. Monitor the financial execution of the budget of the agency in relation to actual expenditures and prepare timely performance reports; and

H. Review, on a biennial basis, the fees, royalties, rents and other charges imposed by the agency for services and things of value it provides and make recommendations on revising those charges to reflect costs incurred by the agency in providing the services.

(3) **Question: What steps have been taken to prepare the department's financial statements?**

Suggested Response: Section 303(a) of the Act amends Subchapter II of chapter 35 of title 31, U.S. Code, by adding a new section 3515. Section 3515(a) requires agencies to prepare financial statements by March 31, 1992 and each year thereafter, for agency revolving and trust funds and for agency offices, bureaus, and activities which performed substantial commercial functions during the preceding fiscal year.

Section 3515(b) requires that financial statements reflect the overall financial position of the agency revolving funds, trust funds, and offices, bureaus and activities covered by the statement, results of operations, cash flows or changes in financial position, and a reconciliation to the budget of the agency.

The standards necessary for consistent development of departmental financial statements are still being prepared by the Office of Management and Budget and the Federal Government Accounting Standards Advisory Committee. Agency heads should note their responsibilities in this area and discuss the detail of guidance received from OMB and the agencies timetable to prepare such statements.

(4) **Question: What level of funding and personnel (FTE) has been identified to fulfill the CFO function?**

Suggested Response: The Financial Executives Institute does not recommend a level of funding or personnel necessary to perform this function in each department or agency. The subcommittee should ensure, however, that the agency head has thoroughly considered the enormous undertaking required to establish appropriate financial systems and controls and to prepare annual financial statements. The key responsibilities of these offices will include:

A. Implementing government-wide, uniform accounting standards;
B. Issuing annual financial statements;
C. Planning long range for financial accounting and reporting systems;
D. Establishing federal financial management policies, practices, and internal controls;
E. Providing guidance to and assisting federal program managers in implementing integrated accounting systems and procedures;
F. Reviewing financial audit reports and responses and reporting material weaknesses to the agency head and Congress;
G. Providing guidance and consent on the appointment and evaluation of financial managers within the department; and
H. Establishing training standards for financial professionals throughout the department.

CONCLUSION

Again, let me restate our view that enactment of the Chief Financial Officers Act of 1990 was not meant to simply codify "business as usual." Framers of the CFO Act called for fundamental reform of the federal government's financial management practices. These reforms included: (1) appointment of senior financial executives named by the President and confirmed by the Senate, but selected on solid experience in the financial management arena; (2) departmental CFOs supported by deputies with years of proven financial experience in government entities; (3) adequate funding and manpower to perform enhanced financial responsibilities; (4) preparation of financial statements; and (5) audit of agency financial practices by the General Accounting Office and Inspector Generals.

The corporate financial executive community calls upon the Appropriation Subcommittees of the House and Senate Appropriation Committees to ensure that the provisions of the CFO Act are carried out to the fullest intent of the law. If you require further information, please contact Kevin Sabo, FEI's Manager of Government Relations, at 202-659-3700.

IMMIGRATION AND NATURALIZATION SERVICE

STATEMENT OF THE AIRPORT OPERATORS COUNCIL INTERNATIONAL

Mr. Chairman and members of the Subcommittee, the Airport Operators Council International appreciates the opportunity to express our views and concerns regarding the funding and operations of the U.S. Immigration and Naturalization Service.

The Airport Operators Council International represents the governmental bodies that own and operate the principal airports served by scheduled air carriers in the United States and throughout the world. AOCI's member airports enplane more than 90 percent of the total domestic and virtually all international scheduled airline passenger and cargo traffic in the United States.

We know that we don't have to tell the Subcommittee that tourism and business travel are absolutely vital to the U.S. economy. Our nation cannot afford to discourage travel to the United States in any way, especially in view of our overall balance of payments deficit.

U.S. airports have invested billions of dollars to improve international arrival terminals throughout the country, and will continue to do so. Over the next five years, communities plan to spend in excess of $50 billion on capital improvements at airports. About one-fourth of the $50 billion will be spent on international terminals. Inefficiency and delay in federal inspection processing in our airports imposes an unnecessary penalty on airports and communities that are working to build the best facilities possible.

The quality and level of service provided by U.S. inspection agencies can undermine the efforts of our communities and the federal government to attract foreign tourism. Inadequate INS staffing and poor service become significant competitive disadvantages that harm an airport's efforts to contribute to the economic growth and development of its community.

Our federal inspection agencies create the first impression of the U.S. for an arriving foreign visitor, and that impression is too often an extremely negative one. The U.S. Travel and Tourism Administration surveyed outbound foreign visitors, and the overwhelming majority of comments collected were negative concerning federal inspection processing.

Foreign visitors have been forced to remain aboard their aircraft for as long as four hours after arrival, because INS did not have enough inspection staff to clear the normal traffic load. These visitors are then subject to lines of an hour or more. It is not unusual to find thousands of people filling the arrival halls, waiting for an inspector to clear them. And all but a handful of them are cleared. This leads to the inescapable conclusion that INS is applying unnecessary effort to intensively screen the people who we want to enter the United States, whether they are American citizens or visitors. We hope you will work with us to help INS focus its efforts more appropriately, and to apply its resources more efficiently where INS does need to spend them.

Congress has been very responsive to the aviation and travel industries' calls for assistance with INS processing, and for that we thank you. Last year, Congress took the bold step of eliminating the user fee exemption for Canada, Mexico, and the Caribbean. This action generated the much needed revenue required to hire new inspectors at airports. Despite the best efforts of the Congress, INS has not fully utilized this new revenue stream.

In January of this year, INS released a report that proposed hiring an additional 450 inspectors in 1991. We must point out that INS already had 190 existing vacancies at the time that this report was released. INS told industry representatives at the Federal User Fee Advisory Committee meeting last month that, of these 640 positions (450 new inspectors and 190 vacancies), only 330 were committed to be hired. We are not convinced that even these 330 will be in the field by the time the summer travel season is upon us. We must have every one of these 640 inspectors in place if we are to avoid excessive delays at our major gateway airports this summer.

We urge the Subcommittee to work with INS to expedite its hiring and training procedures. We would like to mention that the proposed 450 new inspectors is not the number needed to meet the 45-minute standard. According to INS' own staffing model, they will need over 700 new inspectors to meet the international standard. It is our understanding that the number 450 was chosen due to limitations on training programs not due to limited funds. AOCI asks the Subcommittee to work with INS to expand their training capacity.

With regard to part-time and seasonal staffing, INS has been moving away from utilizing this source of staffing over the past two years. Airports believe that part-time and seasonal staff are an important tool that can be used very effectively to meet the demands of peak scheduling and seasonal travel increases. At many international gateways, flights from abroad tend to arrive at a certain time of the day. The demand on INS staff is very heavy for this portion of the day and then may drop off to lower levels for the rest of the shift. Part-time staff can and should be utilized to work these peak periods. The same is true of the summer travel season. Several INS regions have traditionally employed teachers and others to work the summer months to assist with the seasonal increases in travel. We find no evidence that either part-time or seasonal staff are less effective, and in fact we believe that this is a cost-efficient way to improve processing at peak times. We would ask that the Subcommittee work with INS to retain the part-time and seasonal program at its prior level.

For the long term, we believe that INS must adopt some kind of selective inspection procedure, to be able to handle the rapidly increasing international air travel demand. We have discussed the possibility of returning to a modified citizen bypass program with INS. To date, INS has not responded to our call for citizen bypass, or some equivalent, to meet the 45-minute standard. We would also like to mention that at the outset of Operation Desert Storm, INS terminated modified citizen bypass programs at JFK International Airport and Miami International Airport. Now that the Gulf crisis has been resolved, we have asked INS to reinstate citizen bypass at these locations and examine expanding citizen bypass to other locations. JFK and Miami will encounter significant delays if their citizen bypass programs are not reinstated before the summer season.

When the U.S. Customs Service implemented selectivity procedures, it found that its enforcement and revenue collection were actually improved by discontinuation of the universal Customs check of arriving passengers. In contrast, the Immigration and Naturalization Service has not had significantly better results since it implemented universal screening. Rather, INS has inflicted severe delays on passenger processing at all major U.S. airports.

As we have stated, excessive screening has an extremely negative impact on the air transport system. Such screening creates delay and congestion at airports, imposing unacceptable inconvenience and discomfort on air passengers without significantly contributing to enforcement.

The Federal Aviation Administration estimates that the international passengers carried by just the U.S. scheduled airlines will increase from 37 million in 1989 to 70 million by the year 2000. In the face of such growth, coupled with expected continual federal budget stringency and the opening of new gateway airports, it is unrealistic for INS to continue to perform 100 percent inspection and interview of all travellers and detailed examination of all travel documents.

AOCI has taken the initiative in supporting the world-wide use of machine-readable travel documents, to allow automated screening of arriving visitors, and to allow some of the screening to be done by computer in advance of the arrival process. We view this program as important, because the majority of persons flying into the United States are not American citizens carrying machine-readable U.S. passports; they are visitors from abroad. This technology offers the prospect of saving as much as a quarter of the time it takes an inspector to process a passenger, and the possibility that our airports could use their available capacity more efficiently, and our visitors could be treated favorably.

Due to congressional action last year, INS and the State Department are currently working to expand the visa waiver pilot program. As you know, this is a pilot program designed to test whether visas should be waived for foreign visitors from countries that generate low levels of intended illegal immigration to the U.S. This program has been very beneficial to U.S. tourism, because it eliminates the need for many tourists to stand in line for visas at U.S. consulates abroad. However, as presently implemented, the visa waiver program does not facilitate travel. Rather, the use of unwieldy forms and INS' insistence on detailed screening of visa waiver entrants has caused a doubling of the time INS inspectors take to process an individual passenger. The INS' handling of the visa waiver program needs improvement, by the application of automation and some modification of procedures.

The Congress has also been very supportive of our request that the U.S. inspection services operate under a fair but explicit service standard. The International Civil Aviation Organization and the Congress have explicitly said that all federal arrival inspections should be completed within 45 minutes after the arrival of the international flight. This means from the moment the aircraft door opens until the time the passenger walks out the exit of the inspection hall. This time limit allows an international passenger to make his onward flight connection within the normal 90 minute period that is standard in the air transport industry.

In the FY1991 appropriations legislation, Congress responded to our concerns and included language requiring INS to meet the 45-minute standard. However, the language did not make clear that the INS must work with the other federal inspection services (i.e., the Customs Service and others) so that all inspection processing is completed within the 45-minute maximum. We ask that you again require INS to abide by the U.S. government's commitment to the world-wide standard.

One of the root causes of INS' inability to rapidly and effectively process arriving international air passengers is the constant shortage of INS staff. All INS air passenger processing is paid for out of the Immigration User Fee. There is a problem with application of user fee revenues to other functions, such as detention and deportation, and this diversion of funds must be stopped. The detention and deportation functions do not benefit air travelers who pay the user fee, and to apply the funds to such programs can only undermine further confidence in our government. It is only because of universal frustration and skepticism regarding the regular budget's ability to fund needed programs that the public will accept specific user fees to pay for what it needs.

Another area where INS could make useful improvement is to make wider use of immigration preinspection, in which passengers are inspected abroad, after their check-in at the airport of departure. From the preliminary reports, the recently completed London preinspection test was a tremendous success. Preinspection at one airport abroad can relieve passenger congestion and delay at many U.S. airports, by reducing time spent in INS processing upon arrival and by providing advance information to speed passenger processing by the other inspection services. We believe that INS should be encouraged to resume preinspection at London and examine the cost-effectiveness of implementing preinspection at other locations abroad.

Finally, we ask that the Subcommittee help INS recruit and retain its trained and experienced inspectors, who are essential to INS' efforts to facilitate the processing of arriving international passengers. A journeyman inspector has reached the civil service pay grade of GS-9, and unless he or she obtains a supervisory position, there is no prospect for promotion. Therefore, many experienced immigration inspectors feel compelled by economic necessity to transfer to other INS positions with higher pay grades, to the Customs Service or other services where a journeyman inspector can hold the GS-11 grade. This situation is so bad that only about one-third of INS inspectors hold a journeyman's grade. In order that INS can hire the inspectors that we desperately need at airports, it is imperative that Congress upgrade the INS inspectors, to provide a sensible career path for what is an important agency, who despite all of our constructive comments, we feel do a useful job.

This concludes our prepared statement. AOCI would be pleased to answer questions or provide the Subcommittee with additional information. Thank you.

DEPARTMENT OF JUSTICE AND FEDERAL BUREAU OF INVESTIGATION

STATEMENT OF ELLIOT S. VESELL, M.D., CHAIRMAN, PUBLIC AFFAIRS COMMITTEE, AMERICAN SOCIETY FOR PHARMACOLOGY AND EXPERIMENTAL THERAPEUTICS

Mr. Chairman and Members of the Subcommittee:

Thank you for providing us an opportunity to submit testimony to your Subcommittee. I am Dr. Elliot S. Vesell, Evan Pugh Professor and Chairman of the Department of Pharmacology at the Pennsylvania State University College of Medicine at the Hershey Medical Center. I am also Chairman of the Public Affairs Committee of the American Society for Pharmacology and Experimental Therapeutics (ASPET).

Pharmacology is the science of the action of drugs and the discovery of new drugs. ASPET is a scientific society of over 4,300 basic and clinical scientists involved in research and teaching at leading academic and research institutions, in government research laboratories, and in a wide variety of pharmaceutical and biotechnology industries. ASPET has a membership of more than 4,300 scientists involved in administration, basic and clinical research, and teaching throughout the United States. Pharmacologists are found in schools of medicine, nursing, and pharmacy, in private and government research laboratories, and in a wide variety of pharmaceutical and biotechnology industries. Their teaching efforts are a vital part of the formal education for the health care practitioners of tomorrow; their research efforts are crucial to the development of new medicines to fight old and new diseases and to improve human health. Many of these teaching and research efforts require the use of laboratory animals. Such efforts are carefully and strictly regulated by the U.S Departments of Agriculture and Health & Human Services.

Research using animals has led to virtually every advance in medicine in the past century. Agents for the control of high blood pressure, the management of diabetes, the treatment of mental disorders, and the control of cancer have been developed through careful animal research. Vaccines for the control of poliomyelitis, mumps, measles, and diphtheria are available only because of research and development efforts using animals. Crucial testing in animals has been a required precursor for the development of artificial joints, heart-lung machines, artificial blood vessels, and a host of other medical devices. So many life-saving medical advances have depended upon animal research that it would be unethical to deny both people and animals the benefits that have been, can be, and will - in the future - be derived from animal research.

Extremists in the animal rights movement in the United States have employed illegal and terrorist means in their efforts to bring to an end all research involving animals. Such tactics as arson, breaking and entering, theft of animals, and destruction of data, records and equipment have been used. Many of these criminal efforts have been directed at the laboratories and research efforts of pharmacologists.

In the past eight years, more than 70 serious criminal acts involving research facilities have been documented in police reports. These figures do not include lesser acts of vandalism, cases of civil disobedience or situations involving individuals who have obtained employment in order to disrupt research efforts. In addition, many criminal acts have gone unreported in order to protect laboratory personnel and their families.

Criminal actions against research laboratories supported by federal funding are committed with virtual impunity. These cases are not easily solved; only three convictions have been obtained to date. The perpitrators are often well trained, well supported, sophisticated criminals. Apprehension of such persons is often beyond the capability of state and local law enforcement agencies. Indeed, their actions often transcend state lines, making the problem a truly national one. For example, a number of situations have occurred in which criminal actions by the *Animal Liberation Front [ALF]* occurred in one state, and, a few hours later, videotapes of these actions were distributed by the organization, *People for the Ethical Treatment of Animals [PETA]*, thousands of miles away.

Just last year, DHHS Secretary Dr. Louis Sullivan said that animal research, "...is an integral part of mankind's striving for the betterment of humanity. It is not some abstract debate about faceless and nameless scientists conducting experiments just to have a paper to present at the next meeting of the medical society." Secretary Sullivan was correct - this is not an abstract debate, but involves the well-being of every man, woman and child.

Would any member of this panel want to stop research on Sudden Infant Death Syndrome (SIDS), a killer of about 8,000 babies each year? I think not. But, animal rights terrorists would - and they have! At Texas Tech University, significant federally-funded research on SIDS was senselessly destroyed by ALF. Representatives of this group broke into the facilities of Dr. John Orem, stole five cats, and damaged thousands of dollars of laboratory equipment. Dr. Orem used cats, a model for various types of neuorological research, to make major advances in the understanding of SIDS; the ALF attack resulted in the loss of years of research efforts. While the police report lists a monetary value for replacing the cats and equipment, this report makes no mention of the value of the lost knowledge, the potential for loss of more infants' lives, or the magnitude of emotional pain to parents and siblings. This attack is, unfortunately, just one of the many which have occurred.

The Department of Justice and the Federal Bureau of Investigation are well aware of the violence taking place against members of the scientific research community, many instances of which disrupt efforts supported by federal funding However, we do not believe that the agencies have given sufficient priority to the apprehension and prosecution of the individuals involved in and the organizations responsible for this reign of terror. On paper, the monetary cost of these crimes appear relatively small when compared to many other criminal enterprises. However, direct monetary costs do not take into account the real costs to society - the health and well-being of our present and future citizenry.

We urge the Subcommittee to insert language in the report accompanying the fiscal 1992 appropriation legislation for the Department of Justice and the Federal Bureau of Investigation to appropriately stress concern about criminal actions aimed at intimidating researchers. We also urge you to emphasize the need for the agencies to make the apprehension of animal rights terrorists a high priority item.

Without continuing animal research, there is little hope for developing new medications or treatments for diseases that cannot be successfully treated or cured at the present time. AIDS and Alzheimer's disease are prominent examples. In addition, unless we stop the violence against researchers and their laboratories, many young investigators will be discouraged from pursuing careers in biomedical research. Vital research will be seriously impaired, and the only hope of millions of incurably ill Americans will be dashed.

Selected Examples of Major Biomedical Advances That Depended on Animal Research

When Initiated or Culminated	Medical Advances	Species Studied
Pre-1900:	Treatment of rabies	dogs, rabbits
	Treatment of anthrax	sheep
	Treatment of beriberi	chickens
	Treatment of smallpox	cows

Early 1900's	Treatment of histamine shock	dogs
	Treatment of pellagra	rhesus monkeys, dogs
	Components of blood and plasma	monkeys, dogs, rabbits
	Electrocardiograph	dogs
	Surgical techniques	dogs
1920's	Intravenous feeding	dogs, rabbits, rodents
	Discovery of thyroxin	many species
	Insulin & control of diabetes	dogs
1930's	Therapeutic use of sulfa drugs	mice, rabbits
	Prevention of tetanus	many species
	Modern anesthesia & neuromuscular blocking agents	many species
	Anticoagulants	cats
	Pump oxygenator	cats, dogs
1940's	Treatment of rheumatoid arthritis	rabbits, monkeys, rodents
	Therapeutic use of chlortetracycline	dogs, cats, pigs, rodents
	Therapeutic use of streptomycin	chickens, guinea pigs
	Discovery of Rh factor	rhesus monkeys
	Prevention of diptheria	horses
	Whooping cough (pertussis) treatment	guinea pigs, rabbits
1950's	Prevention of poliomyelitis	rabbits, monkeys, rodents
	Discovery of DNA	rats, mice
	Chlorpromazine & its tranquilizing derivatives	rats, rabbits, monkeys
	Hypertension oral diuretic (thiazides)	dogs, other species
	Cancer chemotherapy	monkeys, rabbits, rodents
	Cardiac pacemaker	dogs
	Open heart surgery	dogs
1960's	Prevention of rubella	monkeys
	Radioimmunoassay	many species
	Prevention of surgical post-operative adhesions	dogs
	Therapeutic use of cortisone	rabbits, monkeys
	Corneal transplant	rabbits, monkeys
	Coronary bypass	dogs
	Defibrillation	dogs
1970's	Cimetidine (Tagamet) treatment of gastric ulcer	rabbits, rats other species
	Prevention of measles	many species
	Treatment of leprosy	monkeys, armadillos
	Immunotherapy technology	many species
	Cerebral revascularization procedures	monkeys
	Heart transplant	dogs
1980's	Monoclonal antibodies	mice, rabbits
	Cyclosporin and anti-rejection drugs	monkeys

SMALL BUSINESS ADMINISTRATION

STATEMENT OF J. NEIL ADMIRE, PRESIDENT, COMMUNITY COLLEGE ASSOCIATION FOR TECHNOLOGY TRANSFER

Mr. Chairman, and distinguished Members of the Subcommittee, thank you for the opportunity to present testimony to this subcommittee on behalf of the Community College Association for Technology Transfer (CCATT). My name is Neil Admire and I am the President of CCATT. I am also the President of Lewis & Clark Community College, located in Godfrey, Illinois.

As you know, last year in the Small Business Administration Reauthorization and Amendments Act of 1990 (P.L. 101-574), the Congress established the Small Business Technology Transfer Program and designated CCATT to implement the program. This demonstration program is designed to provide small businesses with education, training and technical assistance in the areas of technology transfer and technology application in their workplaces. The program was authorized for funding at a level of $5 million for each of fiscal years 1991 through 1993.

Based on this authorization, I am here today to request that the full $5 million be appropriated for FY '92 as the Federal contribution for this cost-shared program. CCATT member colleges will provide much more than that amount as their share of the cost of the program. Additionally, I would like to provide you with a summary of the CCATT program, as well as a report on the progress we have made since we formed the association.

CCATT

CCATT is a coalition of 15 midwestern educational institutions committed to revitalizing the regional economy and modernizing its manufacturing base through the applications of technology by small- and medium-sized businesses. CCATT represents schools located in the states of Iowa, Michigan, Wisconsin and Illinois.

CCATT's objective is to assist small- and medium-sized supplier firms in introducing advanced technologies into the workplace to enable them to compete effectively with suppliers located overseas, thus improving the United States's competitive position in the global marketplace.

CCATT is structured to take advantage of the training and technical assistance capabilities and expertise of each college and, through networking, make the technology transfer activities that are being conducted at individual institutions available to businesses in other areas.

The Lack of Advanced Technologies in Small Businesses

Small businesses play a vital role in the U.S. economy by employing over 45 million people, as well as providing the vast majority of parts and supplies needed by larger manufacturing corporations. Major manufacturers get 66 percent of the parts used in their products from small- and medium-sized businesses and these businesses generate 65 percent of all new jobs in the U.S.

However, most small businesses lag behind the larger U.S. manufacturers and their foreign competitors in productivity and the quality of their products. They are simply not up-to-date in their quality control techniques, such as "just in time" (JIT) delivery of components and statistical process control (SPC), or in the use of manufacturing technologies and process innovations, such as robotics and programmable automation.

As a result, foreign manufacturers in Germany, Japan, and other countries are claiming a larger share of our markets, as major U.S. companies look for lower cost and higher quality products in offshore firms -- firms with more advanced production technology and expert managerial experience acquired through the use of computerized machinery. If this trend continues, we could find ourselves with state-of-the-art modern facilities in a few leading firms, but with networks of suppliers increasingly located overseas, or owned by foreign corporations.

While the loss of U.S. competitiveness may be blamed on deficiencies in technological innovation, it is more likely to be a result of a widespread failure of individual plants and whole industries to adopt existing best-practice technologies in their manufacturing operations. Most small manufacturers, for example, are simply not using advanced technologies and, perhaps more importantly, they are not planning to adopt them in the future. This situation will continue to worsen unless these businesses are made aware of the need to integrate these technologies, and actively assisted in putting them in place with trained employers and managers.

According to a 1987 National Academy of Science (NAS) report, technological innovation is a prime factor in stimulating our productive capacity and ensuring competitive international trade. The modern U.S. economy, in which international trade plays an increasingly important role, must generate and adopt advanced technologies rapidly in both the manufacturing and nonmanufacturing sectors if growth in U.S. employment and wages is to be maintained. Additionally, the innovation of commercially viable products and processes will also be stunted if the smaller manufacturing firms do not modernize.

The Effect of the Recession on Small Business

Small businesses are the backbone of the U.S. economy. Our well-being as an economic power relies upon the entrepreneurial health of small businesses. However, this current recession is having a devastating effect upon our Nation's small businesses. Four factors are crippling small businesses and deterring entrepreneurs:

- The decline in consumer spending;
- The decline in major purchases, which affects small businesses that supply large manufacturers;
- The collapse of the construction industry; and
- The extremely tight credit that has resulted from the savings and loan collapse and the banking crisis.

Until these problems are addressed, small businesses will continue to be affected negatively. At the same time, it is essential to move forward with efforts to stimulate and restore small businesses' ability to compete effectively in the marketplace.

CCATT's Role

Education and training are a critical part of helping small businesses recognize and implement technology. Without these components, which focus on the "human factor," technologies remain on the shelf and are never integrated into the workplace. Clearly, what is missing today is a coordinating mechanism to efficiently bring emerging technologies to small businesses.

The Small Business Technology Transfer Demonstration Program is a vehicle to develop that mechanism. It will bring together resources from a variety of different areas to help prepare the quality work force needed to assure that the U.S. emerges from the recession in a stronger position to compete in the global economy.

Strengthening small businesses will not only help bring the country out of the recession, it will also help to sustain a longer and stronger period of economic growth. The community colleges involved in the CCATT program have extensive and diverse experience in serving small businesses and their employees in a wide variety of technologies. By providing technology demonstration laboratories, technical expertise, and other forms of assistance, these colleges will bring technology to small businesses.

Moreover, through networking, the expertise at one institution will be available to all other member institutions. For example, telecommunications technologies at Northern Iowa Area Community College (NIACC) can be accessed by my own community college in Godfrey, Illinois, to bring industrial technologies to the attention of local manufacturing managers -- without the burdens of extensive travel and excess time away from the plant.

Partnerships have also been developed between CCATT member colleges and large corporations. Corporations donate equipment and provide access to new technologies, while colleges provide training to ensure that the technology is applied by small- and medium-sized business. This process further enhances the role CCATT can play to help the U.S. compete more effectively in the world marketplace. Examples of major corporations include IBM, General Motors, McDonnell-Douglas, Digital Equipment and General Foods.

Actively marketing the technology transfer mission will be an integral part of the CCATT project. Technology extension agents will be retained by all CCATT member institutions to promote technology transfer to small businesses and to guide them in the application of proven technology. These extension agents will be responsible for providing objective consultation to assist these businesses in estimating the cost-effectiveness and appropriateness of new technologies before they make sizable investments.

CCATT's Partnership with SBDCs

CCATT member schools currently work closely with Small Business Development Centers (SBDCs) to complement and expand the scope of services they offer. In fact, all of the CCATT schools are affiliated with the SBDCs in their states and eight of them are located on the CCATT members's campuses.

CCATT augments the SBDC's role in supporting small businesses by serving as a technology implementation system, i.e., demonstrating how new technologies can be integrated into existing plants in a cost-effective manner. Selected CCATT institutions provide specialized training programs, to be implemented either on-site or off-site, designed to meet the needs of individual businesses, as well as educational programs, delivered in either classrooms or through audio/video telecommunications systems.

Individual institutions will contribute significant resources to technology transfer activities, including financial support, facilities and equipment and institutional personnel. These resources, combined with the SBA's technology transfer efforts, will be leveraged into extensive non-federally supported activities to promote small businesses to integrate efficiently these advanced technologies.

The CCATT Model and Track Record

CCATT's coordinating role for the networking of resources between and among community colleges and the business community will serve as a national model for groups in other regions of the country. For example, technology transfer activities that benefit small businesses involved in manufacturing and agricultural industries can be replicated for use by those firms involved in environmental and health care industries.

According to the most recent survey of the economic impact CCATT member schools have had in their local communities, more than 800 jobs have been created and nearly 1,100 jobs have been retained as a result of their efforts to assist small businesses in integrating advanced technologies in their workplaces.

CCATT's Progress Report

CCATT and the 15 members schools have made substantial progress in developing their programs over the past several years. One particularly noteworthy effort involves an agreement CCATT signed recently with Iowa State University (ISU), which establishes ISU as a third party evaluator of the CCATT program. ISU's responsibilities include evaluating the overall CCATT program; serving as a liaison to SBDCs to ensure that CCATT resources are available for referral by SBDCs; and assisting CCATT in disseminating technology transfer approaches.

We have also just completed a comprehensive business plan outlining our organizational structure, short- and long-range goals and internal evaluation process.

Finally, CCATT is preparing to hold its second annual Spring Colloquium titled "Sharing Quality Initiatives." The Colloquium will be held in Chicago, Illinois, and is intended to provide the faculty at member institutions with an opportunity to share their institution's method of technology transfer through demonstrations.

Request for Federal Support

Although CCATT member institutions are doing an excellent job of assisting small businesses with technology transfer activities, additional time and energy is being demanded by small businesses, and CCATT institutions cannot continue to the job alone. CCATT needs Federal support to increase the breadth and expand the scope of these programs to enable many more small businesses to compete with offshore suppliers.

Therefore, CCATT is requesting $5 million for fiscal year 1992 as the Federal share of this important initiative. In partnership with the Federal government, industry and business community, CCATT is committed to assisting small business in their efforts to modernize their manufacturing plants in order to compete effectively with suppliers located overseas.

Thank you again for the opportunity to discuss the CCATT program with you.

STATEMENT OF JOHN W. MIXON, PRESIDENT, NATIONAL ASSOCIATION OF STATE FORESTERS

The National Association of State Foresters (NASF) appreciates the opportunity to submit comments before this committee. NASF represents the directors of the fifty state forestry agencies and three territories. We are responsible for the protection and management of over 300 million acres of the nation's state and private forests -- 57 percent of all the nation's forest resources. Forestry is a diverse resource throughout the country and provides a multitude of benefits to the Nation's citizens. State Foresters administer a range of programs that meet the needs and demands of the public. These programs address fire, insect and disease protection, urban and community forests, rural landowner forest management assistance, and the marketing and utilization of forest products.

NASF would like to comment on two programs that come within this committee's jurisdiction: these are the National Weather Service's (NWS) Fire Weather Forecasting Program and the new Small Business Administration (SBA) tree-planting program.

NASF appreciates the continuing support this committee has given to the Fire Weather Program. State forestry agencies have traditionally born principle responsibility for protecting state and private forest, range and watershed lands from wildfire and are also a major partner in assisting fire fighting efforts on federal lands. Local, State, and Federal government agencies with wildland fire protection responsibilities work together under formal cooperative agreements to reduce the risk of large catastrophic fires.

Wildland firefighting has become increasingly complex as our nation's growing population moves into rural areas. Fire weather and its associated patterns pose the same potentially devastating threats as do hurricanes, tornadoes, floods and other weather phenomena.

Currently, the Fire Weather Program provides fire forecasting information for ongoing wildfires as well as critical information before fires actually begin to federal, state and local fire fighting organizations. This information is vital to protecting lives, property and homes and has been especially critical over the last several years when the nation has faced the most destructive and costly fire seasons in history.

State agencies benefit greatly from the Fire Weather Program. In 1985, Florida experienced a series of devastating fires known as "Black Friday" which destroyed more than 200 homes in a single day. Just this spring, Florida experienced two days of the identical conditions that preceded the "Black Friday" fires. Information provided by the Fire Weather Program enabled the state forestry agency to take preventative actions and notify cooperators of the potential threat. The state was prepared and able to respond immediately to 149 fire starts on the first day and 109 on the second. A major fire disaster was averted.

Since 1981, Administration budget requests for funding the Fire Weather Program have reduced services to the states to inoperable levels. Congress has recognized the importance of the program and provided continuing support. NASF strongly urges the committee to restore this program to continuing funding levels in FY 1992.

An additional concern to NASF is the Fire Weather programs future in the National Weather Service's modernization plans. NASF supports efforts to modernize the NWS and provide better products to users. However, NASF is extremely concerned that in the process, the NWS will fail to recognize the states as public users similar to other federal agencies charged with protecting lives and property. NASF's fear is that when the modernization program is fully implemented the Fire Weather program will no longer provide invaluable services that the states depend upon in carrying out their fire protection responsibilities.

Finally, NASF would like to offer a few comments on the status of the new tree planting program that the U.S. Small Business Administration has been authorized to carry out. Although the objective of the program is to create jobs and utilize small businesses, an added benefit will be the many trees that will be planted. This SBA program is compatible with a number of other programs State Foresters are involved with implementing. The proposed rule authorizes the SBA to designate lead agencies. All fifty states have done so, and with the exception of three states, this program will be administered by state forestry agencies. We look forward to the implementation of a successful program of providing jobs and planting trees.

Thank you for the opportunity to submit these comments.

DEPARTMENT OF COMMERCE AND SMALL BUSINESS ADMINISTRATION

STATEMENT OF PAT W. SHADDIX, PRESIDENT, NATIONAL ASSOCIATION OF MANAGEMENT AND TECHNICAL ASSISTANCE CENTERS

The National Association of Management and Technical Assistance Centers (NAMTAC) is an organization of some 160 centers affiliated with institutions of higher education that provide economic development help to communities, management assistance to businesses and/or technology transfer.

I am the Director of the Center for Economic Development and Business Research of Jacksonville State University in Alabama. The Center is committed to economic growth and the continuing development of a business environment that fosters the creation of jobs, investment and expansion of Alabama's industrial base. As a part of the university's outreach program, the Center provides a direct link between the academic and business communities. We conduct industrial development strategy studies for communities in Alabama, and we provide managerial and technical assistance to the business community. I also direct a Small Business Development Center.

As an example of our work, the Center for Economic Development and Business Research has put together a comprehensive program for assisting the State of Alabama and local governments in carrying out programs to attract retirees to Alabama as an economic development initiative. The Center conducted the research, prepared and distributed publications and conducted workshops for local implementing councils.

NAMTAC members throughout the country are in the forefront of the drive to make the United States economy more competitive. We help communities organize programs that will sustain competitive businesses and create jobs. We help businesses become more competitive by improving their efficiency, by increasing their access to capital, by helping them make better use of technology.

In carrying out their work, NAMTAC members are helped immensely by various Federal programs whose funding levels are under the jurisdiction of this subcommittee. Although our members receive the bulk of their funding from State, local and university funds, they could not accomplish what they do without the indispensable assistance they receive from Federal funds. Moreover, it is the Federal grants that are responsible for bringing forth the State and University support.

There are three major source of Federal funds for the competitiveness work our members carry out. These are: the Small Business Administration (SBA), the National Institute of Standards and Technology (NIST), and the Economic Development Administration (EDA)

Within these agencies, NAMTAC members support adequate appropriations for Small Business Development Centers, EDA

University Centers, Trade Adjustment Assistance Centers, and the technology transfer programs of NIST such as the State Extension Services, Manufacturing Technology Centers, and the Advanced Technology Program.

I would particularly like to emphasize the needs of the EDA University Centers. As you know, this program has been the subject of considerable controversy during the past several years, as the result of the Administration's so-called "graduation program." Implementation of that program has been termed illegal by the General Accounting Office, and further implementation was blocked last year by language in the Appropriation Bill prohibiting further reductions in funds for the University Centers.

On behalf of NAMTAC, I want to express our profound gratitude to you for the Senate amendment that made this prohibition possible. Your support last year and your support in previous years has made a great deal of difference to hundreds of communities and businesses that have been helped by the efforts of University Centers.

In particular, your action last year has resulted in the dawn of a new day for University Centers. More activity is under way. EDA, itself, has established an internal Task Force to examine the University Center program. Among the issues the Task Force will examine are the mission of the University Center program, the graduation policy, and evaluation criteria for judging the performance of University Centers. Existing University Centers will be given an opportunity to comment on draft proposals prepared by the Task Force.

In addition to the work under way at EDA, the University Centers themselves have begun a number of studies aimed at better defining the University Center mission and developing better evaluation criteria.

All these efforts will, we think, result in a more purposeful program and a more effective expenditure of the Federal funds provided by the Congress. In view of that, we ask this committee not only to provide full funding for the overall University Center program within the EDA appropriation, but also to direct EDA to restore full funding for those University Centers whose support was reduced illegally under the graduation program.

So that there can be no foot-dragging by EDA on such restoration, we hope that appropriate legislative language will be included in the 1992 Appropriation Bill directing the restoration of full funding support for those University Centers whose funds were reduced under the graduation program.

We are confident that as EDA completes its internal studies, its understanding of the University Center program will be enhanced, and that the Administration and the Congress will concur in a unified policy that will bring the best that academia can offer to solving the problems of economic development and competitiveness in our communities.

This year also marks the return to EDA of the Trade Adjustment Assistance program for firms. This program has bee shuttled between the International Trade Administration (and its predecessor agencies) and EDA ever since it was established in 1962. We hope that this time EDA will be a better parent than ITA, and we ask that Congress identify within the EDA appropriation sufficient funds to enable the Trade Adjustment Assistance Centers (TAAC's) to continue their essential assistance to enable firms to adjust to the impact of import competition. Such competition will continue to be a problem for many firms as we move to a further opening of our borders to goods from foreign countries.

I would like to give the committee a few specific examples of the kinds of help our members give to communities. In Georgia, the Georgia Tech Industrial Extension Division helped a Georgia apparel manufacturer streamline its distribution center and add new manufacturing facilities. The company reported a 40% increase in efficiency, new investment of $225,000, cost savings of $150,000, 30 new jobs, and a sales increase of $2,000,000 annually. Georgia Tech has a University Center and a Trade Adjustment Assistance Center.

The Center for Improving Mountain Living at Western Carolina University did the planning and developed the strategy for the creation of a flexible loan fund that will provide more access to financing for Western North Carolina entrepreneurs. Western North Carolina also has a Small Business Development Center.

The University/Industry Technology Service of South Dakota State University mobilized its faculty and graduate students to undertake a number of complex technical studies to help a firm that designs and installs heavy duty motor truck scales. The result was a better product that costs less. This work was supported in part by an EDA University Center grant.

The Technology Extension Service of the University of Maryland provided two faculty experts to help a manufacturer of credit cards save $570,000 yearly.

The University of Florida's Southern Technology Applications Center helped a Florida inventor with business planning, funding application and product development so that the product has now achieved worldwide distribution.

The Small Business Development Center at the Community College of Denver helped a food service company secure the financing it needed to win two large contracts at nearby military installations.

These are just a few of the many examples by which Small Business Development Centers, University Centers, Trade Adjustment Assistance Centers, and other NAMTAC members help make a more vibrant American economy.

Now that the Gulf War is over, the Administration and the Congress seem to be well agreed that economic growth ought to be our first priority. America must not only be the military leader of the world, but we must retain our economic leadership. If we are to do so, it will require a broad national effort in many areas. The contribution of our institutions of higher education to this national goal is a small but important part of the total. Compared to many other expenditures, the costs are minimal.

We are grateful to your Subcommittee for the support it has given to our members in the past, Mr. Chairman, and we respectfully ask that you continue that support in the years ahead.

DEPARTMENT OF COMMERCE

STATEMENT OF ROBERT P. HALLENBECK, JR., PRESIDENT, MANUFACTURERS' ASSOCIATION OF DELAWARE VALLEY

My name is Robert P. Hallenbeck, Jr. I am President of the Manufacturers' Association of Delaware Valley (MADV). MADV is a full service regional association that represents over 1,350 manufacturing and service firms located in Pennsylvania, Delaware, Maryland and New Jersey. Our members employ over 284,000 in the four state region. Our headquarters is in Valley Forge, PA, and we have branch offices in Allentown, PA and Marlton, NJ.

In 1989, MADV was selected by the Department of Commerce as the sponsoring agency for the Mid-Atlantic Trade Adjustment Assistance Center (MATAAC). The TAAC is required to implement the Trade Adjustment Assistance program for business firms in the five state region of Pennsylvania, Maryland, Delaware, Virginia, West Virginia and the District of Columbia.

I have been designated as a representative of the twelve organizations that sponsor Trade Adjustment Assistance Centers around the country for the purpose of submitting these remarks. Those sponsors include, but are not limited to, the University of Michigan, the University of Southern California, the University of Missouri, Georgia Tech University, the University of Colorado, and the University of Texas - San Antonio.

The introduction of MADV into the TAA program sponsorship was truly "baptism by fire." Upon assuming this sponsorship we realized the serious problems plaguing the program. The program, being administered by the International Trade Administration at the Department of Commerce, was poorly managed and intentionally ignored. Grant contracts were issued haphazardly and funding for plan development and implementation was unpredictable. Certain TAAC's went months without receiving the funding that Congress had appropriated for their use. Staff morale suffered because layoffs were required when funding was administratively stalled. Most importantly, clients and potential clients, those small business firms who needed our help the most, became hesitant about participating in the program for fear that funding would be administratively cancelled. The assurances made by the TAAC's that the program would operate smoothly, efficiently, and without interruption, were constantly questioned because of ITA's unwillingness to fund the TAAC's when necessary. Our credibility was seriously undermined and our provision of service decreased because of the interruption of funding.

This subcommittee came to the rescue of the TAA program last year in three important areas.

First, you and your colleagues approved a supplemental appropriation of just over one million dollars ($1.0 M) to assure the program's continued existence in Fiscal Year 1990. This allowed the program to operate in late FY 90 when it would have otherwise been without funding. While we made numerous staff reductions, and while some service had to be curtailed to clients, some semblance of continuity was maintained.

Next, Congress provided $13.95 million in the Fiscal Year 1991 budget, $12.4 million of which was directly appropriated to the TAAC's for their administration of the program. This decision was particulary important because it gave the TAAC's a solid base of continual funding which was not to be disturbed by administrative offices at the Department of Commerce.

Finally, and most importantly, Congress directed that the Economic Development Administration (EDA) be given the responsibility to administer the program at the Department. This decision has had tremendous positive impact. Officials at EDA have welcomed the program and the TAAC's with open arms. They are serious about making the program work, and are striving to cooperate with TAAC sponsors and staffs to build a successful record. Their support and positive attitude have resulted in uninterrupted grant funding to TAAC's, the credibility of continual service to clients, and the improvement of staff and sponsor morale. In short, the program is being administered with improved efficiency, effectiveness and results. Feedback from clients around the nation is increasingly and more frequently positive and grateful.

During Fiscal Year 1990, one hundred and seventy-one (171) firms were certified to participate in the TAA program, and eighty firms (80) received a total of $5.8 million in implementation assistance. Approximately 5,590 employees were affected nationwide by the funding of these adjustment plans.

In the first six months of Fiscal Year 1991, with uninterrupted funding now in place, sixty-five (65) firms have been certified, and thirty (30) firms are presently being processed for certification into the program. Fifty-eight (58) firms have already been approved to receive $4.4 million for implementation assistance. As a result, approximately 6,465 jobs in the apparel, jewelry, electronics, machinery, leather products, and food and beverage industries have been affected.

The participating firms have also contributed to this effort to improve their business situations. While the TAA program uses federal appropriations to fund approximately 58% of the cost of firm assistance, the individual firms have contributed the remaining 42% of the total program cost. The public-private partnership is working nicely.

As Fiscal Year 1992 approaches, the TAA program confronts only one problem. Many firms which were certified in the past have yet to receive implementation assistance. These firms are waiting to have their adjustment plans implemeted. The situation is so severe that the current backlog requires additional funding of $5.3 million dollars. Many of these firms have waited years for the chance to implement the adjustment plans created through the TAA program.

And so, on behalf of the TAAC sponsors from around the country, I would request your consideration of funding the TAAC's directly in FY 92 at the same level as in the past year, $13.95 million. We would also hope that an additional $5.3 could be appropriated in order to fund the outstanding implementation assistance that is so desperately needed during these uncertain economic times.

The Mid-Atlantic TAAC has calculated that, in the past two years, in our region, there has been a $500 increase in company sales for every federal dollar expended in the TAA program. I know of no other program in the federal government that provides American business with a 500-to-one return to investment ratio, but I must commend your committee and the Senate for your excellent talent in making the wise and proper investment of federal dollars to save and re-generate those American businesses harmed by import competition. We thank you and the Committee for you past and future support of this program.

STATEMENT OF DOUGLAS J. BENNET, PRESIDENT, NATIONAL PUBLIC RADIO

Mr. Chairman and members of the Subcommittee, I am pleased to submit the testimony of National Public Radio (NPR) and its more than 422 member stations in support of FY 1992 appropriations for the Public Telecommunications Facilities Program (PTFP), administered by the National Telecommunications and Information Administration (NTIA). Given the current and future equipment needs of public radio stations, which will be set out in the following testimony; and the fact that the program has historically been funded well below the authorized level, a substantial increase in PTFP's FY 1992 appropriation is necessary if we are to avoid a serious devaluation of the federal investment in the infrastructure of the public radio system.

The majority of NPR's member stations were built with the help of PTFP funding, and they continue to rely on the PTFP's matching grants to enable them to replace their aging and obsolete equipment. The PTFP also continues to be the chief instrument of public radio's expansion as it helps to fund the establishment of full-service stations in areas without public radio, as well as the translators, boosters and power increases which allow existing stations to expand their service into surrounding unserved areas.

PTFP has been the key factor in the growth of the public radio system since the program's inception in 1963. For example, when CPB began distributing radio grants in 1970 there were 73 qualified stations; today there are 317. Through the PTFP program, the federal government has invested more than $384 million to date in the infrastructure of public broadcasting. The ongoing need for PTFP is clearly demonstrated by the continuing imbalance in the amount of money available and the number of grant applications received each year. In FY 1990, 297 grant applications were received, requesting a total of $72.26 million; 111 grants were made for a total of $20.07 million.

This program has been, and continues to be, the lifeblood of the public radio system.

A. Expansion to Unserved Areas is Still the Top Priority

Public radio, unlike public television, does not reach the entire population of the country. Although 95 percent of the American people can now receive a public television signal, public radio is still not available to approximately 14 percent of the population, according to NTIA's most recent report, Public Broadcasting Coverage in the United States.

The Public Radio Expansion Task Force concluded that with the help of PTFP and a sustained, system-wide commitment, public radio can be made available to 95 percent of the American people by the year 2000. While much of this service expansion will be accomplished through the use of translators, repeaters, and power increases for existing stations, the only way some rural areas can obtain service is through the establishment of new, independent full-service stations. These sparsely populated areas often lack the community organizations and financial resources that can help develop a station and support its construction and operation. These factors make the matching grants available from PTFP crucial to the provision of service to such areas.

Many grants awarded in FY 1990 will help public radio expand to unserved areas. For example, in Alaska, Petersburg station KFSK-FM received a grant to bring first service to 1,100 residents of two isolated and remote fishing villages south of Petersburg. KXPR-FM in Sacramento, CA received a grant to purchase a repeater which will provide first public radio service to 45,747 residents in Toulumne and Mariposa counties. In Kentucky, WMMT-FM in Whitesburg was awarded a grant to construct eight translators which will bring first service to 55,000 people in Kentucky and neighboring Virginia. And KABR-AM in Magdalena, NM, which serves 8,500 people in Alamo, received a grant to obtain a satellite dish; the station plans to begin receiving NPR programming and will translate it into the Navajo language.

Many other stations have plans to expand in the near future, including WEKU-FM in Richmond, KY. The station has received requests for service from Pikeville and the London-Corbin-Barbourville areas in Kentucky, which due to the terrain have trouble receiving WEKU'S signal. WEKU is currently checking on the availability of frequencies to serve these areas, and will need the assistance of the PTFP to go forward if frequencies can be obtained.

In Little Rock, AR, KUAR-FM has applied for a grant to construct translators which would bring first service to residents of Hope and Monticello. And WKSU-FM in Kent, OH applied for a grant to extend its service to 159,154 unserved people in New Philadelphia and Wooster by construction of two repeater stations. This type of expansion cannot and will not occur without the assistance of the PTFP.

B. Replacement of Aging, Obsolete Equipment is a Critical Problem for Many Public Radio Stations

As public radio enters its third decade, more and more stations must cope with aging equipment that is either in constant danger of imminent breakdown, or is so obsolete that parts to keep it functioning are no longer available. A large number of stations signed on approximately twenty years ago, and we are now seeing the devaluation of the PTFP's initial investment in the system as equipment ages and becomes increasingly undependable, requiring frequent repairs and causing unscheduled "down time." This problem is even more acute at community stations, many of which inherited old and used equipment when they first signed on the air. For example, most of the equipment at WICN-FM in Worcester, MA was secondhand when acquired 21 years ago. The station's "most frequent nightmare" is in the production studio, where the cart machine produces rumble and uneven recording and the production console usually has only one channel functioning, due to a large number of short circuits.

For most public radio stations, it is extremely difficult to aggregate the many thousands of dollars needed to replace major equipment. This is especially true during these recessionary times when many stations are struggling to make up for the loss of state and local government funds, which comprise a significant portion of the budgets of many stations. Numerous stations are repeatedly knocked off the air by faulty equipment which they are unable to replace on their own. WABE-FM in Atlanta, which has an aging and inadequate studio-to-transmitter link, has suffered what it terms "an appalling" loss of audience which can only be attributed to the station's inordinate amount of "down time."

And, at KCUR-FM in Kansas City, MO, the main transmitter was "down" for repairs more than 725 hours in 1990, forcing the station to rely on a lower-power monaural back-up transmitter whose signal doesn't come close to covering the metropolitan area. Listeners as near as five miles away have difficulties picking up the station's signal; in addition, without a stereo signal KCUR cannot provide its SCA programming to the print handicapped. The station has a PTFP application pending for replacement of the transmitter.

WKYU-FM in Bowling Green, KY recently requested a grant to help the station build a critically needed production studio, and anticipates the need within five years to replace the existing control room and production equipment; the control boards now in use at the station are no longer manufactured, so unless action is taken soon the station will have a hard time obtaining replacement parts. In Twin Lake, MI, WBLV-FM received a grant to obtain a production console, digital tape recorders, remote pick-up equipment and a new transmitter ventilation system. And in Arizona, the Radio Reading Service which operates on KUAT-FM in Tucson received a grant for equipment to improve the service's quality and reliability and increase production of local programming to 4,000 print handicapped persons.

KHKE-FM in Cedar Falls, IA, has applied for a grant to replace its aging, damaged antenna and worn-out STL, and to purchase a new control console and tape recorders. And KAZU-FM in Pacific Grove, CA, is requesting a grant to improve its service to the Monterey Bay area by replacing its transmitter, antenna, and studio production equipment.

Not only does aging equipment often force stations off the air, it also makes it difficult for them to maintain or increase their local production efforts. Many public radio stations are trying to improve their coverage of the news and cultural events in their local communities, but without adequate, professional equipment this is an impossible task.

The availability of matching funds from PTFP at least gives stations some help with these often costly equipment purchase and replacement projects. Without it, there would undoubtedly be a larger number of people deprived of their public radio service due to the "down time" caused by equipment problems; perhaps equally important, without an increase in funds for the PTFP, communities will not have access to the excellent local coverage which they are entitled to expect from their public radio station.

Mr. Chairman, the administration has again proposed the elimination of the Public Telecommunications Facilities Program; however, the investment of more than $384 million by the PTFP in public broadcasting must not be devalued. This support has leveraged millions more in private support, which has been used by public radio to provide quality news, cultural and educational programming across the country, from remote rural areas and Alaskan fishing villages to the largest urban centers. What's more, PTFP will be increasingly important during the next few years as digital radio is introduced in the U.S. This new technology will require new equipment, the cost of which could be prohibitive for many public radio stations. The PTFP will be critical to ensuring that public radio is not left behind as a new delivery system is introduced. Public broadcasting's strong record of efficient, effective use of federal funds, and the need to keep up with constantly changing technology, merit continuing support by the PTFP.

ECONOMIC DEVELOPMENT ADMINISTRATION

STATEMENT OF CHARLES JUSTICE, NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

On behalf of the NADO membership, I would like to thank you, Mr. Chairman, and the other members of this subcommittee for your efforts over the last dozen years. Were it not for your steadfast support, there would be no Economic Development Administration (EDA) today -- and EDA is the federal government's most effective program for comprehensive rural economic development. I appreciate the opportunity to submit this statement in support of funding for EDA.

The National Association of Development Organizations (NADO) promotes economic development in America's small cities and rural communities. In rural areas, economic conditions and development needs transcend jurisdictional boundaries. Likewise, strategies and solutions to rural distress are most effective when implemented at the substate, multi-county level. As a result, NADO members provide economic and community development assistance to local governments and the private sector on a regional basis. Founded in 1967, NADO is the national grassroots network dedicated to improving economic opportunities and the quality of life in America's small metropolitan and rural areas.

RURAL AMERICA AND EDA

Rural America is far more than farmland. Although rolling waves of grain dominate the popular perception of rural life, non-agricultural jobs comprise 90 percent of rural employment. Even on family farms, 60 percent of the total income is from non-farm sources.

Much of the 1980s growth bypassed rural America. In fact, many rural areas have experienced recession-like levels of distress throughout the 80s. From 1982 to 1987, rural employment grew at only two-thirds the rate of urban job growth. Third world poverty is a reality right here in rural America -- while 20 percent of the urban population lives in poverty, 34 percent of all rural people live below the poverty line.

Despite such difficult conditions, public investment in rural areas has declined dramatically. Federal rural development programs have been cut nearly 70 percent since 1980. With federal and state cutbacks limiting the intergovernmental partnership, rural local governments increasingly rely on regional organizations for answers to their development needs.

Through the years, the Economic Development Administration's modest investment in rural America has been enormously important in building capacity and stimulating growth in local economies. EDA has provided development dollars otherwise unavailable.

ECONOMIC DEVELOPMENT DISTRICTS AND RURAL DEVELOPMENT

EDA's economic development districts, known variously as economic development commissions, regional councils, councils of governments and the like, develop long-term economic development strategic plans, perform a wide range of technical assistance, and provide small business gap financing otherwise unavailable in rural areas. EDA has long supported regional development efforts through the development district program.

Rural local governments depend on these regional organizations for professional assistance. Rural elected officials serve on a part-time basis and have little or no staff. Regional organizations provide their staff expertise and needs. Most multi-jurisdictional organizations are also multi-functional, providing non-traditional economic development services from job training programs to solid waste disposal planning -- according to each region's needs.

Small businesses often turn to regional financing programs to help leverage private investment and ease the credit gap found in rural America. For more than 25 years, economic development districts have exemplified the public-private approach to economic development.

It should be noted that many development districts also serve as Small Business Administration (SBA) 504 Certified Development Companies. In fact, were it not for the EDA District program, rural areas would not have the staff capability to run Certified Development Companies. Approximately one half of all the Certified Development Companies were established by development districts in rural areas.

EDA PROGRAM ACTIVITIES MAKING A DIFFERENCE

The NADO membership has identified strategic planning, infrastructure improvement, and access to capital as the three most important facets of a comprehensive rural development strategy. The Economic Development Administration is the only federal agency which provides such comprehensive assistance.

In fiscal 1990, EDA provided matching funds to 282 multi-county economic development districts in 46 states for strategic planning and technical assistance to local governments through a regional approach. Although the amount awarded is very small ($55,000 on average), it provides the professional staff needed to help foster community development and economic diversification. With the loss of revenue sharing and cutbacks in federal and state programs, small local governments depend more than ever on development district staff for planning and technical assistance. During a House EDA oversight hearing April 11, EDA Assistant Secretary Joyce Hampers volunteered that "the local planning effort is the most important thing" for distressed communities seeking job creation and economic growth.

Economic development districts are the catalysts for strategic planning in rural America. Development professionals examine the local economy and analyze prospects for growth. Based on accessibility, natural resources, local workforce, and many other factors, these organizations establish an Overall Economic Development Plan (OEDP). Initiatives may include infrastructure construction, local entrepreneurship, current business expansion, and plant location depending upon the relevant factors. Working with local leaders, the development district constructs the OEDP and sets it in motion.

A recent study by the Kansas Center for Community Economic Development (KCCED) determined that the development district program makes a major impact in small cities and rural areas, and that the program should be expanded. The study recommends that EDA "consider planning grants as baseline funding ... [and] provide funding on a competitive basis in addition to the baseline amount to those EDDs demonstrating significant need or performance, and develop clear guidelines for targeting certain regions for increases in planning funds beyond the baseline amount." Currently, EDA has designated a number of regional organizations as development districts, yet limited resources prevent the agency from funding these districts.

Considering Ms. Hampers' comments, the study's strong endorsement of the district program, and the backlog of unfunded districts we are asking for an increase in EDA Title III planning from $23.1 million to $25 million in fiscal 1992 to provide an additional $1.9 million for the development district program.

In fiscal 1990, EDA awarded 149 public works grants totaling $111 million. These projects leveraged $141.3 million in private sector investment. Frequently, without EDA public works assistance many deals simply would be undoable. For example, a company may wish to expand manufacturing facilities and create new jobs in a distressed community. Because of that distress, however, the community may not have the resources to expand the public works capacity to handle the expansion. Without EDA participation, the town would have been unable to meet the company's needs and more than likely, the expansion would have gone elsewhere.

EDA's $24 million Title IX Economic Adjustment program is a vital component of the federal government's rural development activities. Each year, EDA provides funding for sudden and severe economic dislocation (SSED) and for long-term economic deterioration (LTED). In 1990, EDA funded $8.6 million of revolving loan funds (RLFs). These programs are particularly important in rural areas, as little has changed since the Commerce Department concluded in a 1981 study that unmet capital demand is highest in rural areas. The RLF program is a flexible development tool which provides seed capital to leverage private sector investment in areas with limited private sector activity. A 1987 study of the EDA RLF program determined that RLFs successfully leverage four private sector dollars for every EDA dollar. Title IX also provides funding for economic adjustment strategies in areas affected by sudden and severe economic dislocation. In the past, these funds have been used to help communities face major plant closings, military base closings, and even natural disasters such as the Loma Prieta earthquake and Hurricane Hugo in 1989.

POLICY REVIEWS AT EDA

We are encouraged by Assistant Secretary Joyce Hampers' emphasis on policy reviews within EDA. She has initiated a number of task forces to examine agency policy, the first of which is currently preparing recommendations regarding the agency's revolving loan fund (RLF) program. There were 80 written responses to the request for public comments on the RLF program (NADO was the only public interest group to respond).

While the task forces open a new, professional dialogue at EDA, NADO members are reserving judgement until they see the tangible results of these agency efforts. The Task Force is comprised solely of EDA officials, with little input from EDA's "customers" -- RLF operators and bankers who work with the program. The Task Force did not schedule any face to face meetings with RLF operators to explore how current regulations impact at the local level.

We hope that the task forces will use this opportunity to breathe new life into the agency's programs and policies. It would certainly be unfortunate if we missed this chance to bring EDA out of the Reagan administration's "kill the program from within" strategy and more in line with addressing the economic realities facing distressed communities in the 1990s.

Mr. Chairman, we ask that you and the members of the Subcommittee continue to fund the Economic Development Administration. EDA was created in response to patterns of economic distress which continue to persist in many rural regions today. EDA provides vital funds to small cities and rural communities working with the private sector to maintain and create new jobs. We ask that you join us in urging the Bush administration to reinvigorate the Economic Development Administration. We appreciate the support of this subcommittee and the entire Congress, and we thank you for this opportunity to present our views before the subcommittee.

NATIONAL INSTITUTE FOR STANDARDS AND TECHNOLOGY

STATEMENT OF THE INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS, INC.

The development and application of technology are particular interests of the IEEE. We are the world's largest technical professional society with nearly a quarter of a million members in the United States engaged in advancing the frontiers of knowledge and sustaining our technological competitiveness with a broad and growing range of electrotechnologies. This gives IEEE-USA a special interest in U.S. government programs which support the advance of technology and the nation's competitive position.

We are therefore eager to address the elements of the proposed National Institute of Standards and Technology (NIST) FY 1992 budget request that affect electrical and computer engineering science and technology, and to provide our perspective on the role of the Department of Commerce in fostering development of technology for the nation, thereby enhancing our global competitive position. Our comments will focus on NIST's essential role in standards, the Advanced Technology Program, the Computer Science and Technology Programs, Electrical and Electronics Engineering, and the need for support of U.S. participation in international standards bodies.

NIST'S ESSENTIAL STANDARDS ROLE

There can be no doubt that NIST fills an essential role in supporting the Nation's science and technology base. As the unbiased arbiter of the many issues which the technical community faces relating to measurements, it performs a key function of government for the country. Moreover, this is an ever-growing role, as the variety and complexity of measurements expands with the growing wave of modern technological society. A sound national and international system of standard measurements is vital to research and development, productivity growth, assurance of quality, and a health posture for international trade. The basic and applied research performed by NIST in support of measurements is absolutely vital in these areas.

Unfortunately, the NIST budget has not been adequate in recent years to deal with this vital mission. As the former National Bureau of Standards (NBS), it was historically underfunded to execute its basic role and burdened with additional tasks inspired by the high technical quality of its people and facilities. Each new project brought a small increment of funds, with a promise of out-year increases; in reality, the increases often failed to materialize and the Bureau was left with an expanded mission and insufficient resources.

We are very happy with the Administration's stated commitment to double the NIST budget by 1996. However, given the experience with a similar commitment regarding the National Science Foundation, we are not inclined to reduce our efforts on behalf of NIST based on an assumption that its future budgets are assured.

Thus, until the proposed budget increase for NIST is realized, we will continue to point out that there can be little doubt why the international competitive position of the United States continues to decline when the Federal government still does not adequately support its own standards role, which, under the law, can belong to no other organization. This synergistic role is absolutely vital, although it will cost only a tiny fraction of the amount invested by industry, and a tiny fraction of the overall Federal budget.

ADVANCED TECHNOLOGY PROGRAM

IEEE-USA is concerned that a steady decline has taken place during the past thirty years in the secure positions of superior technological competitiveness and world industrial leadership once enjoyed by the U.S. Despite an increasing investment in basic scientific research, the U.S. has not been able to effectively translate its scientific leadership into economic progress. We hold that one important factor has been a corresponding lack of U.S. investment in engineering research and development which helps to bridge the gap between scientific inquiry and the creation of competitive products and services.

In December 1990, Nikkei, a leading Japanese business newspaper, surveyed IEEE members on the current status and future prospects for American technological competitiveness. Seventy-eight percent of respondents were optimistic that the U.S. would hold the technological edge in the 21st century and maintain its current level of economic pwer and international competitivness. When asked to identify what factors were critical for the U.S. to remain the dominant global power in science and technology, however, sixty-two percent of respondents noted the need for stronger government promotion of advanced technology similar to the Japanese Ministry of International Trade and Industry and sixty percent cited the need for increased federal funding for the development of science and technology. Other critical factors including funding for R&D from private industry including industry funding of academic research and stronger ties between private industry and colleges or universities.

The Advanced Technology Program (ATP) initiated in FY 1989 in NIST can play a critical role in sustaining U.S. technological competitiveness by supporting the development of key precommercial generic and enabling technologies. We strongly support the ATP's goal of encouraging cooperative efforts among industry, universities, and government in technology development. Given adequate resources, ATP can, and should, play a vital national role in promoting technology. However, ATP should not be allowed to drain off resources essential for NIST's critical standards role.

In a recently released IEEE-USA policy statement on Engineering R&D and Technological Competitiveness (which is appended for the record), we address the proper role of government in funding precommercial engineering R&D activities to support the government's stated position regarding technology competitiveness. We make two recommendations, one pointed directly at the NIST and the ATP. That is:

> Restructure technical activities within the Department of Commerce to provide a coordinated approach to achieving industrial competitiveness.
>
> A foundation has been laid for this recommendation with the Advanced Technology Program (ATP) in the National Institute of Standards and Technology (NIST). We recommend strongly that the ATP be funded to evolve into a national civilian technology agency within the Department of Commerce but carefully separated from the standards and measurements mission of NIST. The new agency should be empowered to fund all the elements of engineering activity necessary to regain our industrial competitive leadership, with private-sector risk-sharing increasing as the engineering elements come closer to commercial, prototype-model status.

The IEEE-USA not only does not see progress in this direction, but notes with great dismay that the NIST budget request for ATP remains flat: there is no increase from FY 1991. We consider this a strongly negative message with regard to the government's real intentions concerning technological competitiveness. It portrays a position divorced from the reality of rapidly waning U.S. technological competitiveness. The ATP budget should be $100 million in FY 1992, and should double again in FY 1993. Providing no increase for the ATP undermines its entire purpose and fails to address support for the precommercial activities so essential to technological competitiveness.

COMPUTER SCIENCE AND TECHNOLOGY PROGRAMS

There is little we can say in this area that does not repeat our testimony of previous years. NIST fills a small but essential role for information technology, a large and vital industry where U.S. world leadership has slipped badly in recent years. The FY 1992 increase to $15 million is very welcome, but it only brings this function to the budget level it should have had in 1986, without accounting for inflation. In the intervening years, NIST has been assigned additional responsibility for computer security and has seen a huge growth in the area of Integrated Services Digital Network (ISDN) standards development. New funding for both of these areas is welcome, but is woefully inadequate. The U.S. information industry invests aggressively in technology development, but only the government can fill a central role in standards development necessary to enable our economic powerhouse to perform.

ISDN is a particularly compelling case. European technology providers are well along the path to interoperability, while U.S. manufacturers lack clear standards and U.S. carriers feel constrained not to develop them in the post-AT&T divestiture environment. NIST is performing a critical function in bringing U.S. industry together to reach consensus on ISDN standards. These standards also are likely to have a large impact on the proposed National Research and Education Network (NREN). To field the NREN in the projected period, we estimate that NIST will need additional ISDN funding growth from the $1.6 million requested in FY 1992 to $5 million by FY 1994.

ELECTRONICS AND ELECTRICAL ENGINEERING

It is natural for the IEEE-USA to pay special attention to the status of NIST's Electronics and Electrical Engineering Laboratory. We therefore note with enthusiasm that budget requests for this laboratory show sustained growth, including a doubling of budget authority from FY 1990 to FY 1992.

The programs selected for FY 1992 funding increases--magnetic measurement, superconductivity, microwave measurements, lightwave measurements, and semiconductor measurements--are all at the cutting edge of technological development. We are particularly gratified that our many years of calling for additional funding in microwave measurements have been heeded. These programs represent the best tradition of government filling an appropriate and necessary role that enables U.S. industrial competitiveness.

Each of these initiatives is very highly leveraged in the commercial sector--for example, economic benefits in improved industrial productivity from the NIST program in lightwave measurement are expected to exceed $1 billion over 10 years.

We are also pleased to note that the recent reorganization of NIST has brought many of the laboratories closer to the Institute's top management. Although it is impossible to please everyone when a major organizational change occurs, we understand this change reflects well on NIST management in that it reduces administrative overhead.

SUPPORT FOR U.S. PARTICIPATION IN INTERNATIONAL STANDARDS BODIES

Rules of international standards have changed. The development of standards is no longer based on market dominance alone. Technology dominance can now be a decisive factor in favor of one proposed standard over another. The inter-national arena also has become increasingly important with development of the global market place, and EC92 will further accelerate this trend. Standardization has also moved from an evolutionary process of common use and acceptance of long-established practices to one of standardization of essential elements, interfaces, compatibility requirements, and configuration controls which are employed even before products are completely developed. That is, standardization has gone from a bottom-up process to a top-down process.

With the decrease in U.S. manufacturing in many vital areas of our economy, and in some cases with unavailability of U.S. manufactured equipment (as in many areas of power equipment and consumer electronics), there is a danger that the needs of U.S. industry will not be recognized by international standards groups. U.S. participation is based on voluntary, ad-hoc processes where industry foots the bill if the market place demands it. Time and travel expense of technical experts are often too great for individual companies to afford. Other countries have systems whereby their governments provide financial assistance for such activities through trade organizations.

The Congress should appropriate funds to be administered through the Department of Commerce to organizations such as the U.S. National Committee of the International Organization for Standardization (ISO) for an effective and broad participation in standards processes of ISO, IEC, and other international bodies. Such an approach is now essential in responding to the growing demands of international standards activities and ensuring the effectiveness of U.S. participation. We would suggest initial funding of $2 million in FY92 for participation of national standards bodies in the international standards process.

CONCLUSION

In summary, the IEEE-USA strongly supports the proposed doubling of NIST's budget by FY 1996. NIST's role in developing standards is vital to the competitiveness of U.S. industry and should be expanded through the Department of Commerce's Technology Administration to include funding for support of U.S. participation in international standards setting activities.

The IEEE-USA also believes that NIST's Advanced Technology Program can play a key role in sustaining U.S. technological competitiveness through its support for the development of key precommercial generic and enabling technologies. We are disappointed by the Administration's flat FY 1992 budget request for the ATP and urge Congress to increase ATP funding to levels contemplated in the Amerian Technology Preeminence Act. Increased funding for ATP should not, however, be allowed to drain off the additional resources sorely needed to sustain NIST's essential standards mission.

We are encouraged by requested increases for NIST's Computer Science and Technology Programs and for Electrical and Electronics Engineering. These increases will reverse the persistent underfunding of existing programs and fund important new efforts in areas such as microwave measurements. There is a need for additional funding, however, to support expanded research into computer security and the development of ISDN standards for the National Research Educational Network.

We thank you for this opportunity to share our views on NIST's FY 1992 budget request. The IEEE-USA and its Engineering R&D Policy Committee stand ready to assist you as a resource for technical advice and policy perspectives on the NIST's critical standards and technology programs.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

LETTER FROM DR. EARLE N. BUCKLEY, DIRECTOR, NATIONAL COASTAL RESOURCES RESEARCH AND DEVELOPMENT INSTITUTE

April 29, 1991

The Honorable Ernest F. Hollings
Chairman
Subcommittee on Commerce, Justice, and State,
and Judiciary and Related Agencies
Committee on Appropriations
S-146A Capitol Building
U.S. Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The National Coastal Resources Research and Development Institute (NCRI) appreciates the opportunity to submit a written statement to the Subcommittee on Commerce, Justice, and State, and Judiciary and Related Agencies for the record of the hearing on the Fiscal Year 1992 National

Oceanic and Atmospheric Administration appropriation. We have enclosed five (5) copies of the statement in accordance with the instructions we received from Mr. Gudes.

The statement discusses NCRI's program for the support of the application of innovative research and technology for economic diversification and business development in nonmetropolitan coastal communities along the U.S. seaboards and the Great Lakes. We pay particular attention to the return on NCRI's federal investment in terms of increased income, jobs, and business revenues and productivity in rural coastal areas and the complementary nature of NCRI's program with other ocean and coastal research programs. In addition, a brief description of NCRI's FY 1992 program of continuing and new projects and new program initiatives which would be supported with an appropriation of $2.5 million is included in the statement. A detailed account is provided in NCRI's Fiscal Year 1992 Prospectus, a copy of which is enclosed for your information.

Again we thank you for the opportunity to submit a statement to your Subcommittee concerning the NOAA appropriation and NCRI. Your continued interest in and support of the economic well-being of the nation's coastal communities and industries is greatly appreciated.

Please do not hesitate to contact me at (503) 867-0131 if you need additional information relating to our request or whenever NCRI can be of any assistance to you or to your staff.

Respectfully,

Earle N. Buckley

Earle N. Buckley, Ph.D.
Director

STATEMENT OF DR. EARLE N. BUCKLEY

INTRODUCTION

Thank you, Mr. Chairman, for the opportunity to submit testimony on behalf of the National Coastal Resources Research and Development Institute (NCRI). I am Dr. Earle N. Buckley, Director of NCRI. I am also submitting this statement on behalf of the nation's coastal communities and businesses that form the national constituency that the institute serves. The citizens who live and work on America's seaboards and Great Lakes are not only the direct beneficiaries of NCRI's program but each year help establish the institute's priorities and provide the foundation for every NCRI-sponsored initiative to improve the coastal condition.

First, I want to thank the Chairman and this Subcommittee for your support during the brief history of NCRI. You have believed that the economic, social, and environmental well-being of coastal America is vital to our nation's growth and prosperity. You have kept faith in a vision that a federal investment would stimulate partnerships of coastal community and business leaders with researchers and educators to move new advances in research and technology into action to produce positive economic results.

THE INSTITUTE

When the Congress established NCRI in 1984, coastal economies were reeling from the devastating effects of the nation's worst recession since the Depression of the 1930s. The slow recovery of non-metropolitan areas was exacerbated by a shift in the rural economy from goods producing and resource based industries to service industries. Today, many rural coastal communities remain economically stressed due to the continuing decline of natural resource sectors and economic and services isolation, while others face unprecedented and uncontrolled growth due to in-migration and population-induced growth.

NCRI's mission is to promote American economic growth and prosperity by moving research into action to achieve positive impacts in the economies of coastal communities and the competitiveness of coastal businesses. NCRI is committed to national goals for economic security and a rising standard of living by working with coastal communities and businesses:

- As a development-oriented research program that translates scientific and technological advances into environmentally responsible economic gain to raise the coastal condition and provides demonstration programs to enable coastal communities to solve problems.

- As a stimulus for innovation in coastal industries, particularly small companies less able to support research and development.

- As an ongoing coastal "identifier," which continually updates and describes the condition of the coastal economy.

NCRI functions as a component of the National Oceanic and Atmospheric Administration's Office of Oceanic and Atmospheric Research, housed with the National Undersea Research Program and our sister agency, the National Sea Grant College Program, in the Office of Oceanic Research Programs. Like Sea Grant, NCRI is synonymous with constituent services. Similar to Sea Grant, NCRI engages partnerships to shape opportunities and remove economic constraints, obstacles, and barriers.

However, NCRI does not fund research, but rather the application, evaluation, and demonstration of applied research and research-based technology in commercial scale, pilot demonstration activities. NCRI occupies a unique position, providing the bridge between applied research and private sector or community application of innovative ideas.

BASIC RESEARCH –>	**APPLIED RESEARCH –>**	**NCRI & –>**	**COMMERCIAL**
e.g., NSF	e.g., Sea Grant	**PARTNERS**	**& COMMUNITY ADOPTION**

NCRI targets industry and community leaders who are working cooperatively with researchers to:

- Produce new products that enhance the economy of coastal regions, reduce costs of production of those products, improve product safety, and develop markets for products.
- Accelerate adoption and commercialization of scientific and technological innovations.
- Maximize the economic development prospects of a region within the general wishes the people who live there, insisting upon the environmental soundness of the economic exploitation.
- Assist communities in creating a minimum condition to attract services and financial capital for infrastructure improvements.
- Educate and assist local leaders in coastal regions make wiser choices/decisions and better control the developments which are going to occur in their regions from external impetus.
- Build a nurturing environment for entrepreneurship.

In many cases, solutions and techniques may be carried forth to commercialization without the need for NCRI intervention. However, NCRI's constituency is small coastal businesses and communities that cannot risk investment of limited resources in new technologies and approaches to economic development without some guarantee of a return on their investment. NCRI shares some of the risk, and by implementing and evaluating innovations, community and business leaders can judge for themselves whether further investment is warranted. In return, NCRI requires that its partners make available to the public all technical and economic information produced during the project. In this way, technology and information can be moved swiftly into the marketplace and/or applied by others independent of federal assistance.

NCRI ACHIEVEMENTS

Since 1986, when we received our first appropriation to fund projects, NCRI has provided federal assistance of over $3.75 million, matched with $3.0 million of private, state, and local funds in support of 63 projects in 21 coastal states. Every dollar currently invested by NCRI to stimulate new coastal enterprises and implement cost-saving improvements is projected to be associated with a $400 annual increase in coastal revenues. Our focus on regional issues, problems, and solutions means that NCRI projects have benefited people in every coastal state. NCRI results which increase the competitiveness of U.S. industries and improve the balance of trade means that NCRI benefits literally every citizen. I would like to present here some examples that illustrate the economic benefits to the nation from NCRI.

Tourism has transformed numerous Southeast coastal regions from landscapes dominated by blackwater rivers, salt marshes, undeveloped beaches and sand dunes, and islands into channeled waterways, hotels, condominiums, and golf courses. Undeveloped rural tracts can offer a comparative advantage for attracting visitors to rural communities and complement existing, high capital, intensively developed tracts. In coastal South Carolina, there are two large natural areas which possess national and international significance. These areas, which encompass several "persistent poverty" counties, present a diverse range of unique natural and cultural tourism opportunities. In 1990, NCRI provided funding to the South Carolina Sea Grant Consortium and the Regional Resources Development Institute of Clemson University to conduct a major nature-based tourism demonstration project in cooperation with businesses in Georgetown, Colleton, and Beaufort Counties. The project will enhance the tourism economy of these rural counties by creating a mix of businesses and services focusing on the assets of the region's undeveloped natural areas and developing a cooperative network among nature-based tourism entrepreneurs. Utilizing nature-based tourism enterprises as an economic development strategy will offer local citizens the opportunity to participate in this multi-billion tourism industry while maintaining their cultural integrity and without having to convert their land to high density development.

In one of its first projects, NCRI funded an Oregon researcher to develop new applications of technically innovative, cost-effective electroslag surfacing and welding technology for ship repair. Today, the U.S. Navy is sponsoring the introduction of this technology into U.S. shipyards through demonstration and training programs. Replacement of standard welding techniques with this new technology solely for the repair of propeller shafts of U.S. Navy ships will result in cost savings in excess of $3 billion. Additionally, it turns out that the technology is not limited to ship repair. Quality Tank Company, a small business in Portland, Oregon, is currently using the electroslag process to surface the interiors of large stainless steel chemical storage tanks. Not only is the electroslag process more cost-effective than other welding techniques that could be used for this purpose, but it also provides a safer way to store hazardous materials.

With automation, the soft crawfish industry in Louisiana is poised to emerge as a multi-million dollar industry. In 1986, Louisiana Sea Grant funded the early stages of research and development of a computer controlled, automatic soft crawfish separator, which promised to eliminate the intensive hand labor associated with the soft crawfish production, lower costs, and raise productivity. By 1988, the separator was patented, but investment by this "Mom and Pop" industry to commercialize the technology was not forthcoming due to the high risks generally associated with a new industry. NCRI stepped in and provided support to the researcher and a commercial soft crawfish grower to demonstrate the commercial feasibility of an automated system for sorting and handling soft crawfish. By increasing productivity of soft crawfish culture systems tenfold and reducing production costs threefold, annual industry revenues in Louisiana alone are expected to increase from $1 million in 1989 to an estimated $30-40 million by 1995 and permit the development of overseas markets.

With NCRI support, a North Carolina fish grower harvested the nation's first commercial crops of hybrid striped bass raised in ponds. Sea Grant had sponsored research in North Carolina and South Carolina in 1979 and 1981, respectively, to adapt hybrids to ponds, and by the mid 1980s, information about pond culture was available to the public. But no commercial production of the hybrids in ponds was occurring. The industry was hesitant because of the expense involved and the uncertainty of transferring research production figures to commercial harvests. NCRI funded a project with the University of North Carolina Sea Grant Program and a private aquaculturist to demonstrate that commercial production of hybrid striped bass in ponds was viable and profitable. Over the first two years, the producer sold over 160,000 pounds of hybrids with a value of almost $500,000. The third year's crop will almost double the previous two years' production. Because of this success, six additional hybrid striped bass farms are being developed in North Carolina and production sites are being located in six other southeastern states. A "medium" projected estimate of the total industry growth in the Southeast United States exceeds $100 million dollars per year in domestic and export sales.

Some examples of the projected benefits of other current NCRI projects show both our continuing achievement and the magnitude of the positive impacts on coastal economies which NCRI is capable of producing with additional funding.

- In New Hampshire, commercial lobstermen, researchers, and state resource management agencies are hoping to develop a sustained sea urchin fishery by applying an integrated system of size-selective harvesting techniques with techniques for enhancing urchin roe, growth, and recruitment. A sustainable, long-term urchin fishery will add $3-4 million annually to Gulf of Maine fisheries.
- Residents of Molokai are evaluating the feasibility of Gracilaria culture in ancient Hawaiian fishponds. The yield from just one 1-hectare farm could provide local residents with 5-20 metric tons of seaweed with a value of $5,000 - $20,000 when supplied to local restaurants and supermarkets and exported to Japanese markets as a fresh product and for agar production.
- In Alaska, salmon aquaculturists are developing technology to accelerate the spawning of adult sockeye salmon and the development of sockeye ova and fry. Application of the technology in one sockeye hatchery in southeast Alaska capable of producing 20 million eggs could produce an annual harvest of over 900,000 adult sockeye valued at $8.6 million.
- Oyster growers in northern California, Oregon and Washington are pioneering the development of hatchery and cultivation techniques for the commercial culture of the fast-growing Suminoe oyster, which can be grown in many more West Coast estuaries than the traditional Pacific oyster. Full commercial exploitation of the Suminoe oyster is expected to increase industry revenues by $4-5 million annually.
- Oystermen in Delaware Bay, with assistance from the Rutger's Shellfish Research Laboratory in Port Norris, New Jersey, are applying a combination of intensive and extensive aquaculture techniques to grow MSX-resistant oysters to help reestablish the region's oyster industry, which was once valued at $90 million along with hundreds of jobs.
- Communities in Door County, Wisconsin, are implementing a novel approach to diversify their economies by initiating, expanding, and attracting economic activity which is less seasonal and more compatible with the uniqueness of the coastal location. Decreased reliance on seasonal employment will solve problems for employers and employees alike and increase support for needed services.
- Salmon growers and commercial fishing gear designers in Washington are conducting commercial-scale trials of a fish cage system which can withstand the severe conditions of the offshore environment as a cost competitive, environmentally compatible alternative to traditional nearshore techniques.

Finfish aquaculture could expand to more exposed locations around the coastal U.S., enabling growers to produce enough farmed salmon to replace imports, currently valued at $125 million.

- The development and innovative marketing of nature-based tourism enterprises by communities in Cameron Parish, Louisiana, will demonstrate a profitable alternative for rural coastal communities to generate tourism revenues with minimum infrastructure development. Regional nature-based tourism networks could emerge, improving rural coastal communities' access into this country's multi-billion dollar tourism industry.
- In Mississippi, oystermen relayed over 5,300 barrels of oysters from polluted waters to unpolluted grounds. Subsequent harvesting yielded over 5,000 sacks of purified oysters with an ex-vessel value of $30 per sack. The total employment created by the pilot program was almost 14,000 person-hours; the total income generated by the relaying and harvesting to the oystermen and to secondary and tertiary sectors exceeded $400,000.
- A seafood technology specialist at North Carolina State University is working with Carolina Pride, the first commercial cryogenic processor of seafood in North Carolina, to commercialize technology developed by Sea Grant to improve product health safety and to stabilize crab supply and frozen product quality. A 10% increase in the net economic return to the processing industry is expected just by stabilizing supply.
- Coastal communities on Saginaw Bay in Michigan are applying and evaluating innovative strategies to increase their effectiveness for capturing a greater share of the fisheries tourism sector. Total annual revenues in individual Great Lakes counties could increase by as much as $10 million.

The unique nature of NCRI produces economic change to serve the needs of seacoast and Great Lakes communities in a way that is consistent with the citizens' social, cultural, and environmental values. NCRI's commitment to supporting community and commercial-scale pilot demonstration projects which emphasize applying, evaluating, and implementing research-based information and technology in conjunction with community and business leaders directly addresses the primary needs of nonmetropolitan coastal communities. Each project has a sizable local impact, but innovations which are effective in generating jobs and income in one community can be replicated in other coastal communities with similar circumstances. Through our own outreach activities and with the help of Cooperative Extension and Marine Advisory Service programs, NCRI is indeed serving the nation.

NCRI'S ACTION AGENDA FOR FY 1992

We have always based our requests to this Committee on an assessment of needs accomplished by extensive interaction with coastal community and industry leaders nationwide. It is this public, our constituency, that identifies issues, problems, and opportunities of highest regional and national priority and establishes the institute's annual agenda.

An appropriation of $2.5 million dollars will enable NCRI to continue the current multi-year projects described above and implement newly recommended projects. These new projects include development of practical transportation options to improve the mobility of the labor force and reduce the isolation of remote coastal communities in rural South

Carolina, advancement of the growth of the oyster industry in the Chesapeake Bay, and implementation of a coordinated, comprehensive regional economic development effort with communities on the Lake Huron coastline of Michigan. The projected revenues from the new enterprises stimulated and the increased productivity from the advanced technologies adopted as a result of the continuation and implementation of these projects are estimated to exceed $275 million annually.

In addition, the level of funding we have requested will enable NCRI to launch expanded and new programs requested by the public to accelerate the commercial and community application of new technologies and research to:

- Improve seafood product quality and safety through advancements in processing technology, and handling, storage, and distribution practices;
- Reduce seafood handling and processing wastes through improved waste management and the development of useful products from waste materials; and
- Increase the efficiency of fishing practices and technology to reduce pre-catch harvesting losses and discarded bycatch.

CONCLUSION

Mr. Chairman, it has been appropriate to view NCRI as an experiment during the first years of the program. Past appropriations of approximately $1.0 million have been proper for giving us a chance to conduct the experiment. Today, we can demonstrate that the experiment has and is working. We are proud of our achievements, accomplished with a small federal investment to complement the investment of time, energy, and dollars by our project partners. NCRI is now poised and ready to take on new opportunities, and we believe our request for $2.5 million will contribute substantially to:

- Increasing America's competitiveness in the world economy,
- Stimulating productivity and environmentally sound economic development and diversification,
- Swiftly transferring technologies and information to the marketplace, and
- Improving the quality of life for and self-sufficiency of all citizens.

We are deeply appreciative to this Subcommittee for your past support of NCRI, as are our project partners. These leaders have a vision for a more prosperous future for their communities and have worked hard to achieve this goal when given the chance. By your actions, you have shown that you, too, share this vision and that you believe that a good investment of federal dollars is an investment in the people of this nation and their future.

Thank you.

STATEMENT OF SIDNEY C. MILLER, PRESIDENT, AMERICAN ASSOCIATION OF STATE SURVEYORS

I appreciate this opportunity to present the views of the American Association of State Surveyors and the American Congress on Surveying and Mapping on a critical funding issue that falls within your subcommittee's jurisdiction. We would like our written testimony included in your subcommittee's hearing record of April 9 for the fiscal year 1992 appropriations for NOAA.

The American Association of State Surveyors is composed of sixteen (16) members, each representing the state agency having statutory responsibility for a repository of survey records, mapping and surveying standards, and the cadastral and/or geodetic survey work of the state. The American Congress on Surveying and Mapping is comprised of 10,000 individuals involved in the professions of surveying, cartography, geodesy, and land/geographic informations systems technology.

For over 150 years, the National Geodetic Survey (NGS), an agency within NOAA, has developed a geodetic control network (geographic reference system) of over a million stations with a present value conservatively estimated at several billion dollars. Each station provides a precise latitude, longitude and elevation. This network is important for many federal, military and civilian, programs, because it provides a nationwide framework for all mapping, surveying and engineering programs, including the new technology of computerized geographic information systems.

The basis of the problem is that during the past several decades, NOAA's ever-increasing emphasis on oceanic and climatic programs has adversely affected the efforts of the NGS to preserve and perpetuate the geodetic control network. Changes in the funding of programs within NOAA have forced the NGS to reduce its staff from 650 people in 1965 to only about 250 people in 1991. In addition, the program for preserving the National Geodetic Network was eliminated from the budget during the late 1980's. We are very concerned that without a federal commitment, the network will deteriorate to the point of uselessness, posing potentially serious problems for the nation's mapping and surveying needs. In particular, a solid framework of geodetic control is necessary for the nation to rebuild its declining infrastructure and to evaluate and manage crucial environmental issues. The deterioration of the National Geodetic Network would severely impede progress to solve these national problems. State and local governments are willing to share in maintaining the National Geodetic Network; however, the federal government must provide leadership and technical assistance.

We believe it is in the nation's long-range best interest that NOAA should put a much higher priority on adequately funding the programs of the National Geodetic Survey. We strongly recommend that the budget committee review proposals providing for 1) a program to preserve the existing National Geodetic Network and 2) a formal federal-state geodetic advisor program to provide training and technology transfer which would enable the states to take more responsibility for the National Geodetic Network.

Network Preservation Program:

Funds would be used to establish an Office of Network Preservation. Four positions would be created at the NGS's headquarters to administer the program. Under this program, the NGS would train contractors to perform the necessary field work and to submit data to the NGS for quality control and entry into the national data base. The estimated cost is $1.8 million total, with $1.4 million for contractors to replace monuments that would be destroyed.

Geodetic Advisor Program:

The Geodetic Advisor Program would be designed to assist the states in meeting urgent geodetic survey requirements through training of state personnel, cooperative federal-state surveys, and technology transfer. This program would place a state advisor in those states that agree to support the National Geodetic Network. It is likely that all fifty states will seek a geodetic advisor. An additional four NGS personnel would be needed to administer the program and enter and adjust data into the national system. The estimated cost for the program, including 54 positions, would be $4,200,000.

The American Association of State Surveyors and the American Congress on Surveying and Mapping would like to pursue funding for these programs with the subcommittee. Thank you for your consideration of these solutions to a very critical issue.

STATEMENT OF GARY GLENN, DEPUTY DIRECTOR, MASSACHUSETTS CENTERS FOR EXCELLENCE CORP.

INTRODUCTION

I appreciate the invitation to present this testimony. I will discuss two issues; first, the excellent results that have come out of the marine electronics industry project that this Committee has strongly supported in the past; and second, the urgent need for attention to promoting competitiveness in the rapidly growing marine biotechnology industry.

MARINE ELECTRONICS

Exactly ten days ago, in Woods Hole, Massachusetts, a grouping of CEO's from companies that manufacture marine electronic equipment, plus representatives of several major academic research institutions, and government representatives from the local, state and federal levels, heard some of the more dramatic results of the analysis of the marine electronics industry entitled "To Develop A National Marine Electronics Agenda." I am pleased to say that this segment of the U.S. electronics industry in continuing to hold its own against very strong pressure from the products of other countries. I have also been informed that some of the key issues now being discussed by the President's Council on Competitiveness, and in other forums, have been influenced by the results from the marine electronics agenda analysis.

The marine electronics agenda project has produced a great deal of new information about the composition, structure and competitiveness of the marine electronics industry and about the structure of parallel industries in other countries, especially, Japan, France and Germany. Marine electronics is one of the fastest growing subsectors in the electronics industry, and will grow even faster as the demand for high quality instruments to carry out environmental testing and analysis increases. This is an industry where, with many product lines, the United States still has a strong position in world markets. But, as each day passes, competition from European and/or Asian products intensifies. Our companies can continue to prosper only by adapting to new circumstances, in particular to the need for better technical communication and information exchange with research institutions, government entities, and customers/users. It is clear that U.S. companies must utilize all available resources to the maximum extent, and this includes resources in colleges, universities, research laboratories, and governmental agencies as well as in the private sector.

The Consortium for the Promotion of Competitiveness in Marine Industries was created to serve as a mechanism to bring together business, academia, and government in a dynamic effort to ensure United States competitiveness in the marine economic sector, and to adapt the research findings of the marine electronic agenda project to specific subsets of the industry. The Consortium is using the substantial expertise developed to date to evaluate an appropriate response to the huge demand now building for marine environmental monitoring instrumentation. We know that coastal areas throughout the world are threatened by increasing pollution levels, and that coastal industries such as fishing, recreation, and water-use are suffering lost economic opportunity. But remedial action depends on accurate information about the composition of various pollutants, and that information in turn relies on electronic instrumentation. Improved marine water quality will thus go hand-in-hand with the development and manufacture of better electronic instrumentation.

The other area of major application is in aquaculture. In this rapidly growing industry there is a high receptivity by farmer and suppliers to use of advanced technology, especially new instrumentation and computerized operations. The Consortium has been working closely with the Oceanic Institute of Hawaii, one of the world's leading aquaculture research centers, to determine the appropriate pathways to commercial development of marine electronics in aquaculture.

I feel that this Committee's support of this very important marine economic project has resulted in significant benefits to the United States, and I respectfully request the continuation of support for funding in the NOAA budget at a level of $750,000.

COMPETITIVENESS IN MARINE BIOTECHNOLOGY

There is an urgent need to start the process of creating the necessary linkages and networks so that the United States can compete in the emerging world marine biotechnology market. The other big players in this game - especially Japan and France - are actively working for what they think will be a future brightened by thousands of new jobs. They are establishing relationships among researchers, business people, and government leaders designed to develop a coordinated and cohesive approach to commercialization. I believe we would be well advised to do the same. To this end, the states of Massachusetts, California, and Maryland have started the process of identifying key issues that need to be addressed at the state and national levels. The issues will include the comparative role of government participation in competing countries, trade practices and restrictions in marine biotechnology, commercialization funding options, comparative regulatory environments, and advantages/disadvantages of international strategic alliances. Other issues will also be addressed.

I respectfully request that this Committee support funding at a level of $425,000 for "marine biotechnology competitiveness" with the understanding that the states of Massachusetts, California and Maryland will contribute expertise, resources and use of facilities, and that the project will in all ways be a partnership between the federal government and the leading marine biotechnology research states.

Thank you.

STATEMENT OF WILLIAM C. ROWLAND, PRESIDENT, THE OCEANIC INSTITUTE

Mr. Chairman and Members of the Subcommittee, on behalf of the Oceanic Institute, I appreciate this opportunity to appear before you to discuss the important work that we have been pursuing with your support. Specifically, I would like to ask for your continued assistance in FY 1992 in funding three research programs: the **Asian Interchange Program** ($282,000), the **Hawaii Stock Enhancement Program** ($750,000) and the development of **MahiMahi Culture Technology** ($500,000).

I would like to say a few words about the Oceanic Institute. The Institute is a non-profit marine science research center founded in 1960 to conduct research in the use of the ocean and its resources, and then to disseminate that knowledge. Our focus is aquaculture and applied oceanography. Many consider the work that we do pre-eminent in the field, and I think that it is not an overstatement to say that our work, with your generous support, has broadened our nation's knowledge of the ocean and how to better utilize its resources.

HAWAII STOCK ENHANCEMENT

We are seeking an appropriation of $750,000 in FY 1992 for this important program. It is a comprehensive, interdisciplinary program involving research and development activities related to fisheries, aquaculture and oceanography, which seeks to enhance the stocks of selected marine fishes in Hawaiian waters. The enhancement program is goal oriented and directed at increasing the abundance of fish in local systems, ameliorating the effects of over-fishing, replenishing stocks of severely depleted species or supplementing stocks of fish popular in Hawaiian waters to reduce foreign fish imports.

Previously, we have successfully identified species and started pilot-scale tagging and release studies to evaluate survival of hatchery fish and optimize release protocols. We have made major strides toward developing and testing a hatchery and release stock enhancement technology for the State of Hawaii.

You should be aware that other participants in the program include the Hawaii Department of Land and Natural Resources, the University of Hawaii's Institute of Marine Biology, the State of Washington Department of Fisheries, and Northwest Marine Technology of Seattle, Washington. We are particularly pleased by the additional funding provided by the State of Hawaii.

We respectfully request that you fund this important program at a level of $750,000. Your investment will offer dividends far into the future by insuring an adequate supply of an important source of food, as well as maintaining a crucial element of our economy.

ASIAN INTERCHANGE PROGRAM

In 1989, with the financial assistance of this Committee, the Oceanic Institute began the Asian Interchange Program. The goal of this program is to enhance the domestic aquaculture industry's growth via technology exchange between the United States and Asia. We seek FY 1992 funding totalling $282,000 to continue this work to bring important technology to this country.

You may be aware that national per capita consumption of seafood has grown steadily over the past 20 years. The increased demand has been met largely by imports, resulting in a substantial fisheries trade deficit. Domestic fisheries alone cannot meet the demand and alternative forms of production, such as aquaculture, can help increase domestic supplies. The aquaculture industry needs major expansion, however, to make significant contribution to domestic fisheries supplies.

Asian countries have a long history of practicing aquaculture. Fish products have been a staple of the Asian diet for centuries. Asian governments have made aquaculture development a national imperative and directed significant resources toward increased production. These nations have developed a variety of methods and technical advances that can benefit United States fish farmers.

To date, our efforts have focused on: acquiring Asian cold-water shrimp production techniques; developing a technical exchange and assessment of an inexpensive, reliable live food production system; conducting workshops and producing manuals detailing state-of-the-art production techniques; studying maturation and overwintering techniques; and conducting growth, temperature and feed trials with cold-water shrimp.

We are benefiting from years of study that has been conducted in Asia. This knowledge will assist this country develop a stronger domestic aquaculture industry. In FY 1992, we request $282,000 to continue this vital work.

DEVELOPMENT OF MAHIMAHI CULTURE TECHNOLOGY

Mahimahi is a popular marine fish of tropical and subtropical seas. The purpose of the Oceanic Institute's MahiMahi Aquaculture Development Program is to advance the technology of MahiMahi aquaculture to the point of commercial feasibility. For a combination of economic and biological reasons, there is clear commercial potential for this species. Unfortunately, several specific technological constraints prevent the full realization of this commercial potential. These include the need for high and consistent early survival, appropriate diet and a suitable growout system for mass culture.

Previously, our work has allowed us to significantly improve larval rearing technology and early juvenile survival, which will lead to pelleted growout feed. We have also sought to improve the acceptability and digestibility of first generation growout feeds and allow further advances in hatchery and nursery technology. Last year, the Institute designed and tested a growout system for MahiMahi and prepared an economic model.

Therefore, we ask you to support our request for $500,000 to continue this work.

Our work in these areas has reached a critical stage. During the next year, we have important work to continue in the area of feedstocks, stock enumeration and evaluation, biological engineering and oceanography, and laboratory research. Your continued support will allow these important efforts to continue at an uninterrupted pace.

Mr. Chairman, thank you for allowing me the time to testify before your Subcommittee. The Oceanic Institute is gratified by your continued confidence in our efforts, and we look forward to making an important contribution to this nation and to our economy.

STATEMENT OF JOHN H. PRESCOTT, EXECUTIVE DIRECTOR, NEW ENGLAND AQUARIUM

An Initiative for the Conservation of Open Ocean Fish Species Northern Bluefin Tuna (Thunnus thynnus)

The world's fisheries are under severe pressures. Ocean pollution, loss of habitat, advances in our ability to exploit the resources of the sea and the demand for protein contribute to significant declines in fisheries production.

The history of the US fishery has been documented to be one of steady decline, with the depletion of one commercially valuable fish species after another. There is a critical need to develop clear practices to manage fisheries for sustained use, there is also a critical need to learn how to captive breed already depleted species.

As part of an overall concern for the status and trends in the populations of pelagic fishes, particularly the tuna and billfish species, the New England Aquarium proposes a five year program of research and development for which we are seeking $350,000 in fiscal year 1992 and for each of the next four fiscal years, designed to meet three goals:

1. to better understand the biology and ecology of one model tuna species, Northern Bluefin Tuna (Thunnus thynnus).
2. to develop the techniques for a national program for the husbandry and captive rearing of tuna, and
3. to determine the commercial viability of different methods for rearing stock of bluefin in the United States.

Bluefin tuna, the largest and most commercially valuable species of tuna, in dollars per pound dockside, present significant challenges for fisheries' managers. Bluefin tuna are found in North Atlantic waters from the Gulf of Mexico, as far north as the Arctic Circle and as far east as the Mediterranean. The transoceanic migratory nature of this species makes it especially difficult to prepare and implement management plans.

Originally excluded from the US Magnuson Fishery Conservation and Management Act, management of bluefin tuna was recently incorporated into the Act and into the mandate of the National Marine Fisheries Service. According to the Act, beginning in 1992, authority for tuna management will be vested in the Secretary of Commerce who is "required to identify research priorities; prepare and amend fisheries management plans (FMPs),... and pursue international management measures" (Sec. 110(b)).

Parallel to the inclusion of tuna in the management responsibilities of NMFS is inclusion of aquaculture in the goals and objectives in the Strategic Planning approved by the Directors of the NMFS (December 11, 1990). Under the heading of improving opportunities for U.S. aquaculture are objectives which call for determining the potential for aquaculture to enhance recovery of protected species and depleted fisheries and the development of means to permit cultured products in the marketplace without jeopardizing conservation of wild stocks.

Therefore a combination of measures, some of which have only recently been added to the mandate of NMFS and other federal agencies, are necessary for the future survival of bluefin tuna:

1. inclusion of the species under the provisions of the Endangered Species Act (in the threatened category),
2. careful regulation of any allowed catch including Gulf of Mexico by-catch with yellowfin tuna,
3. the possibility of captive rearing and replacement of wild-caught stock with captive raised fish - bluefin fish farming or ranching to meet the commercial demand for bluefin, and
4. research to support the above efforts including advancing our knowledge of basic bluefin biology, spawning, larval recruitment and development and post-spawning dispersal.

Research and monitoring projects are presently underway to understand tuna, including the biology, capture, transport and rearing of species inhabiting both Atlantic and Pacific waters. Present research focuses on smaller species including yellowfin, little tunny (Atlantic and Pacific varieties), skipjack, bonito and albacore. Japanese research of tuna species has lead to captive rearing of some species (including yellowfin and bluefin) in addition to the ability to collect bluefin at sea and transport to shore for ranching purposes.

Current monitoring data indicates disturbing trends in the population of bluefin. This decline is of critical concern because, over the past twenty-five years, the total catch of bluefin tuna in the western North Atlantic has dropped by nearly 80%. Although, through ICCAT, a western North Atlantic "moratorium" on bluefin is in effect, in reality a "scientific monitoring catch" of 2,660 metric tons is allowed. Using longline, purse seines, harpoons and rod and reel, bluefin are still being regularly caught. The rod and reel limit of one fish per boat per week, originally designed to address sport fishing interests, has become a commercial activity due to the value of the fish being caught.

The per pound market value rose from only $.08 in 1971 to more than $100.00 in 1988 ($350.00 per pound in restaurants today!). The dockside value of a single giant (those bluefin in excess of 76 inches) can exceed $33,000 (bluefin can reach 11 feet in length and weigh as much as 1,500 pounds!). Giants bring the greatest return due to the demand for fresh bluefin in Japan. A high demand delicacy for sashimi and as a key dish at celebrations (eating maguro - giant bluefin - is said to bring good fortune, longevity and sexual potency!) will keep the value of each fish high.

The population trends for all bluefin point in a downwards direction. According to the ICCAT report prepared in 1988, the population estimate for Western North Atlantic bluefin tuna has decreased from more than 260,000 medium and giants (breeding adults ages 6 - 30 years) to less than 90,000 in 1988. As the giants have become more valuable, sought after and, so, removed from the breeding stock, the harvest of the smaller, less valuable fish has increased. By removing such a large segment of the breeding population, there has been a significant and potentially disastrous impact on Gulf of Mexico bluefin reproduction. In the past decade the number of bluefin tuna larvae in the Gulf of Mexico has decreased by over 90%.

Stock assessment evidence indicates that the harvestable catch in the North Atlantic has declined to 20 - 30% of the 1970 levels, that the number of juveniles has declined to 10% of the 1970 levels and that there is little or no recruitment of new juveniles into the adult population.

Given these facts, it is obvious that bluefin tuna require prompt and concerted action to stop the continuous downward trend in the population. Armed with knowledge of bluefin tuna biology, husbandry and breeding techniques, we may be able to reverse that trend. With the demand not expected to abate there is a need to meet market needs while protecting the wild stock. We need to create the tools to allow management of a sustainable stock and apply the best available practices in aquaculture and fish ranching to prevent extinction of this important and valuable, threatened species.

The New England Aquarium stands ready to assist the Secretary of Commerce and the National Marine Fisheries Service in their efforts to respond to the dual mandates of management and aquaculture development regarding bluefin tuna. To accomplish this mission we propose a program consisting of the following goals, objectives and implementation tasks:

Overall Project Goals:

1. To develop a better understanding, through basic research, of the life history and ecological needs of tuna for improved resource management.

2. To develop a means for captive rearing of tuna, specifically bluefin, for potential commercial applications in wild restocking, aquaculture or ranching.

3. To develop a constituency, of decision makers and citizens for conservation of tuna populations and sustainable use of the fishery.

Project Objectives:

1. To conduct basic research and applied studies done on:

   a. the spawning, collection, transport, and husbandry (captive management and survival to breeding age, with the potential for captive breeding and release) of tuna.

   b. biological potential of captive breeding, aquaculture, ranching and restocking programs.

   c. commercial viability of captive breeding, aquaculture and ranching opportunities, specifically spawn to breeding and spawn to harvest in a controlled environment.

2. To coordinate with plans for the management of bluefin tuna in a way that insures their sustainable use similar to successful species survival plans developed for other species.

3. To continue to inform congress and other decision makers about the situation, especially in the North Atlantic, as regards the survivability of the bluefin tuna population.

Project Tasks:

1. Determine methods for larval rearing from breeding stock using little tunny, a bluefin tuna relative, as an intermediate study species.

2. Model husbandry requirements for larger species of tuna by establishing a population of little tunny.

3. Determine the most effective methods for regular stocking of large, open ocean tanks at aquaria with tuna species for the

purposes of maintaining a research stock and for developing public constituency for tuna. Included in this study would be at least the following steps:

   a. based on experience with bonito and little tunny capture (in the Gulf of Mexico) small (1 - 2 pound) bluefin tuna

   b. develop shipboard transport capability.

   c. develop shoreside holding, isolation and breeding facility

   d. develop transport capability for juvenile fish from Florida to Boston.

4. Develop off-site facilities for the capture, handling, transport and rearing of tuna:

   a. develop off-site holding facility (two tanks approx., one 30' diameter, one smaller, plus life support systems).

   b. develop transport-by-vehicle capability for small tuna (Florida to Boston).

   c. develop local off-site facility to include, as a minimum, the following:

      I. a series of holding/rearing tanks ranging in size from very large units for very large tuna, smaller units for research on little tunny or other intermediate step work on larval rearing and spawning, and smaller tanks for research on spawn and larval development.

      II. laboratory facilities for food rearing including culturing, larval studies, chemistry and blood work, and other support studies.

The overall proposed cost for this research program to be conducted by the New England Aquarium would total $465,000 annually, with the Aquarium contributing $115,000, which represents a 32% match of the total federal funds we are seeking plus the equipment costs in the second year.

Again thank you for your support and the opportunity to describe our initiative.

PRELIMINARY BUDGET - RESEARCH
MINIMUM

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PERSONNEL	67,000	93,000	127,000	133,000	139,000
EQUIPMENT	14,500	90,000	10,000	2,000	2,000
SUPPLIES	12,500	15,000	15,000	15,000	15,000
TRAVEL	32,500	27,500	17,500	17,500	17,500
OTHER/MIS	16,500	43,500	73,500	73,500	73,500
INDIRECT COSTS(33%)	47,190	88,770	80,190	79,530	81,510
TOTAL ANNUAL COSTS	190,190	357,770	323,190	320,530	328,510
OTHER PROJECT EQUIPMENT ONE TIME EXPENSES	159,810	235,190			
REQUESTED FUNDS	350,000	350,000	350,000	350,000	350,000

STATEMENT OF SARAH J. TAYLOR, PH.D., CHAIRMAN, COASTAL STATES ORGANIZATION

Mr. Chairman and Members of the Subcommittee, my name is Sarah J. Taylor. I am Chairman of the Coastal States Organization (CSO) and Executive Director of the Chesapeake Bay Critical Area Commission in the State of Maryland. On behalf of the CSO, a representative association for the 35 coastal state and territorial governors, I would like thank you for the opportunity to present our views in support of state grant programs authorized under the Coastal Zone Management Act (CZMA) and administered by the National Oceanic and Atmospheric Administration (NOAA).

The CSO believes that the minimum funding level necessary for coastal states and territories to fulfill their coastal program responsibilities under the CZMA is $65 million for fiscal year 1992. The specific funding levels which CSO supports are as follows: $45 million for Section 306, 306A and 309; $1 million for Section 310; $5 million for Section 315; $6 million for the coastal nonpoint source pollution program; $4 million for federal program administration, and an appropriation of $4 million for grants under the Coastal Zone Management Fund.

THE NATIONAL COASTAL MANAGEMENT PROGRAM

Since 1972, the Coastal Zone Management Act has served as a model program, demonstrating the success of a voluntary partnership of federal, state and local governments. The national coastal management program is good policy supported by the people. The program protects a resource with much more than local value; it protects a national resource.

Through the program, states and territories develop unified decision-making and resource management processes to manage land and water uses and achieve the national goal of coastal resource protection. The program helps states and territories develop a unified approach to such issues as: public access to the beach, port and harbor maintenance, waterfront restoration, coastal wetlands and habitat preservation, outer continental shelf oil and gas leasing and exploration, coastal development, shoreline erosion and coastal hazards management. Because the use of the coast affects national security, interstate commerce, and the country's economy, it is clear that the program serves national as well as state and local interests.

The demands on our coasts continue to increase. The population of coastal counties is soaring, the popularity of coastal recreation and tourism is growing, and the desire for private and commerical waterfront property is unrelenting. The need for continued coastal management is undeniable.

In NOAA's Biennial Report to Congress on Coastal Zone Management for fiscal years 1988 and 1989 submitted last April, the agency cites many instances of national progress in coastal zone management. Federal funds contribute to successful efforts nationwide such as:

- the revitalization of ports and waterfronts, leading to the economic revival of coastal communities;
- a reduction in the loss of life and economic damages from coastal hazards through improved evacuation plans, greater public awareness, and more closely regulated development;
- the protection of sensitive coastal wetlands that play a key role in the life cycle of commerically important fish species and serve as vital habitat for wildlife and water fowl; and

- improved public access to the shoreline through bike paths, fishing piers, waterfront parks, and recreational facilities to the benefit of all citizens.

THE NEW CZMA

The Coastal Zone Management Act Reauthorization Amendments of 1990 ambitiously strengthened the national coastal program to assist states and territories to take on the coastal problems of the 1990's including coastal pollution, wetlands protection, and the potential for sea level rise. The 1990 Act contains two new grant programs significantly increasing authorized federal funding support to encourage states and territories to increase their coastal program responsibilities.

State and territorial coastal programs will continue to carry out their primary responsibilities under Section 306 and 306A of the new CZMA and manage the National Estuarine Research Reserve System under Section 315. However, coastal states and territories will have several additional responsibilities under the new CZMA such as:

- making "national interest improvements" to their programs in one or more of eight areas designated in Section 309 of the new law;

- designing and implementing a coastal nonpoint source pollution program within four years or face reduced funding;

- increased consistency review authority over federal activities affecting the land and water resources of the coastal zone; and

- improving public participation in, and State agency compliance with, coastal zone management programs.

If the states and territories are to successfully meet the objectives of the national program, however, they must receive sufficient federal funding to fulfill their new and existing responsibilities.

Should this Subcommittee approve CZMA grant funding levels at the fiscal year 1991 level of $34.6 million, this would be, in effect, a decrease in federal funding support. Implementation of new federal program requirements under Section 309 of the reauthorized CZMA requires a set-aside of 10 to 20 percent of Section 306, 306A administrative grants for "national interest improvements" in specific areas. This translates into a 10 to 20 percent reduction in federal funding assistance for adminstrative grants or a loss of as much as $6.8 million from last year to address core coastal program activities under Section 306 and 306A.

State and territorial coastal programs will suffer if a FY91 level of funding is appropriated under the new law. For example, Massachusetts would experience the loss of several full time professional staff members, which would significantly reduce the coastal program's ability to provide technical assistance and long-term planning guidance in the areas of marine water quality, coastal hazard planning, navigation channel maintenance, and local development project review to coastal communities. Massachusetts could also face the closing of regional coastal zone management offices and a significant reduction in public education and outreach efforts.

The California Coastal Commission anticipates staff lay-offs and operating budget shortfalls in the coming fiscal year without increased federal funding. Planning, permitting, enforcement, federal consistency review, public access, and public education programs would have to be curtailed.

In addition, the funding support that the Commission gives to local governments is derived solely from federal funds. The Commission's assistance to local governments would be significantly affected. For example, through the Commission, federal funds finance local dredging and dredge spoil disposal projects in the San Francisco Bay. A reduction in federal funding will jeopardize the dredging projects that are vital to the area's maritime economy.

Michigan would also experience a drastic cut in pass-through grants to local governments for low-cost construction and planning projects which have proven to be instrumental to public access improvements, historic restoration, coastal environmental protection projects, and waterfront planning and engineering projects along the State's coast. In addition, Michigan would experience staff reductions which would impact monitoring and enforcement of the state's primary regulatory statutes so necessary to the management of its shoreline resources.

At a time when state economies are already overburdened, coastal states and territories cannot increase their financial support for coastal programs to compensate for decreased federal funding and increased federal requirements. We urge the Subcommittee to consider the need for additional federal funding to meet the new requirements of the reauthorized CZMA.

The President's fiscal year 1992 budget request for the national coastal program was prepared prior to the 1990 CZMA reauthorization and falls $10 million below FY91 funding levels. Such a cutback in federal funding assistance to states would be irresponsible, particularly in light of the new federal coastal program requirements.

RECOMMENDED APPROPRIATIONS

Although the 1990 CZMA reauthorization authorizes up to $48.9 million for Section 306, 306A and 309 grants, we are not seeking the full authorization levels. Rather, we are requesting the funding levels which we feel are the minimum necessary to successfully continue the national coastal program as Congress intended when it reauthorized the program for five years.

For **Section 306, 306A, and 309 grants** the Coastal States Organization recommends **$45 million** be appropriated to enable states to carry out their core program requirements. Under the provisions of Section 309, 10 to 20 percent of the $45 million must be set aside for certain national interest improvements designated in the CZMA and cannot be used for program administration.

The CSO urges Congress to appropriate **$6 million** for the newly established **Coastal Nonpoint Pollution Control Program** which requires states to develop and implement measures to protect and restore coastal waters. Of particular note, states failing to establish a nonpoint source pollution control program within four years, will face federal funding sanctions.

New York examined nonpoint source pollution along two stream corridors on Long Island at a cost of $250,000 to the state. North Carolina has had a nonpoint source pollution control program for two years. The North Carolina program falls under the jursdiction of several state agencies. The Department of Environmental Management handles one component of the program which requires a budget of nearly $1 million dollars. The nonpoint program budget in the other state agencies exceeds $8 million.

The CSO believes that $6 million -- the amount authorized for the program in the new CZMA -- is the minimum funding level with which the 29 participating states and territories can begin to develop this ambitious national program for their coastal waters.

CSO recommends that **$1 million** be appropriated for **Section 310** of the CZMA, which requires the Secretary of Commerce to provide technical assistance and conduct management oriented research to assist states in the attainment of one or more of the national interest improvements under Section 309. This technical assistance may also prove to be the difference to a state or territory being able to meet the complex and comprehensive requirements of the new coastal nonpoint pollution control protection program.

For **Section 315 grants** to the eighteen national estuarine research reserves comprising the National Estuarine Research Reserve System, the CSO recommends that **$5 million** be appropriated. The System protects nearly 300,000 acres of estuarine waters, tidal wetlands, and shorelines representing a variety of coastal regions around the country.

Although only about 50 percent of the sites in the Reserve System's original plan have been designated, the system will expand soon to include new sites in New York, Virginia, and South Carolina. The Reserve System will need the full funding level requested to continue to manage those sites with education centers and research projects underway and incorporate several new sites into the System.

We recommend that **$4 million** from the **Coastal Zone Mangement Fund**, derived from coastal energy impact loan repayments, be appropriated for Fund activities including Section 305 grants to assist states such as Ohio, Texas, Georgia and possibly Minnesota in developing federally approved programs. This action would encourage full state participation in the national coastal management program - a goal of the 1990 CZMA reauthorization.

CSO further recommends that **$4 million** be appropriated under **Section 318** for the NOAA Office of Ocean and Coastal Resource Management to administer the federal program, prepare required new CZMA rulemaking, and conduct ongoing evaluations of state and territorial coastal program performance.

CONCLUSION

Six months ago, Congress acted to significantly strengthen the national coastal program, authorize increased funding levels, and extend the program for five years through the Coastal Zone Act Reauthorization Amendments of 1990.

Should this Subcommittee authorize funding at fiscal year 1991 levels, coastal states and territories will be unable to meet their federal program requirements in the coming year. The CSO believes that the minimum funding level necessary for coastal states and territories to fulfill their coastal program requirements under the CZMA is $65 million for fiscal year 1992. CSO supports the following grant funding levels: $45 million for Section 306, 306A and 309; $1 million for Section 310; $5 million for Section 315; $6 million for the coastal nonpoint source pollution program; $4 million for federal program administration, and $4 million from the Coastal Zone Management Fund for Fund activities.

Coastal states and territories have demonstrated their willingness to accept their role as stewards of this nation's ocean and coastal resources. They must, however, have the financial ability to do so. The Coastal States Organization respectfully urges this Subcommittee to again take a leadership role and approve the federal funding necessary to implement this important national program. Thank you.

STATEMENT OF DR. HARRY M. LIGHTSEY, JR., PRESIDENT, COLLEGE OF CHARLESTON, NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND GRANT COLLEGES AND THE SEA GRANT ASSOCIATION

INTRODUCTION

Thank you, Mr Chairman, for the opportunity to submit testimony on behalf of the Sea Grant Association (SGA) and the Marine Division of the National Association of State Universities and Land Grant Colleges (NASULGC) which represents 90% of the marine science academic community. We are Harry Lightsey, Jr., President of the College of Charleston and Chairman of the S.C. Sea Grant Consortium Board of Directors, and Margaret A. Davidson, Executive Director of the S.C. Sea Grant Consortium. The Consortium represents seven research institutions, all dedicated to enhancing South Carolina and the nation's capability to develop, use and manage our marine resources.

We submit this testimony in support of the National Sea Grant College Program, which serves as a network of over 270 colleges and universities throughout the nation. The program has built an efficient network that effectively enhances the vital partnership between the nation's universities, industry, the public and federal and state governments. It generates and widely disseminates new, relevant information fundamental to more effective natural resources and environmental management policy.

We would like to thank the Chairman and this Subcommittee for your support of the National Sea Grant College Program. You kept faith in us over a long and difficult decade, and we are looking forward to working with you during the 1990's. We are also pleased that the overall NOAA budget, reflecting your strong past support, is broad, strong and forward-looking.

We look to you once again for your assistance in this budget year. The Administration's budget submittal includes a request for Sea Grant appropriations of $25 million, a level that is $15.8 million below the FY 91 appropriations for the core program. We urge you to continue your strong support of Sea Grant.

Our testimony which follows contains our FY 92 appropriations request, the justification for that request, and points out a special concern that we have regarding support for our marine advisory services. It concludes with examples showing recent Sea Grant achievements along with a special plea for enhancing the ocean budget of NOAA. The Marine Division has also prepared a series of position papers concerning the NOAA budget which we would like included in the record.

NATIONAL SEA GRANT COLLEGE PROGRAM
APPROPRIATIONS REQUEST: FY 1992

The Sea Grant community requests an FY 1992 appropriation of $48.5 million. This request represents an increase of $5.7 million over the current FY 1991 appropriation of $40.3 million for the core program and the special appropriations which together totaled $42.8 million in FY 91. It is based on programmatic needs and feedback from the national marine community.

Core Program: $48.5 Million

Given the intense economic, population, and environmental pressures along the Nation's coasts and Great Lakes, the additional increment of $5.7 million would be used to begin implementation of the following activities in support of balanced economic growth and enhanced environmental productivity:

o Marine environmental research directed at improving our knowledge of ecosystems and at the restoration and enhancement of our marine productivity and an expansion of our national network of marine advisory specialists to include education, technology transfer and problem solving capabilities on water quality and habitat problems.

o Coastal economic development research and marine advisory service coastal business programs to provide public education and technology transfer for balanced regional and national economic growth.

o Competitive "catchup" funding for small/new Sea Grant Colleges (e.g., Connecticut, Minnesota, New Jersey, Ohio, Puerto Rico and South Carolina) to enable them to perform the full range of Sea Grant College research, education and marine advisory services activities, in keeping with the original intent of Congress and of the Sea Grant College designation.

o An inflation increase to the current $42.8 million appropriation, continuing the process begun in FY 90 to counter the increasingly significant erosion of funding, particularly for education programs and vitally-needed graduate student support.

JUSTIFICATION

Time and again, Sea Grant has proven its ability to respond to national needs concerning marine resources and the environment with a broad-based program that combines quality science with educational and outreach strategies. SEA GRANT IS THE ONLY NATIONAL MARINE SCIENCE PROGRAM THAT ADDRESSES PUBLIC AS WELL AS SCIENTIFIC CONCERNS AND THAT HAS A TOTAL RESEARCH, EDUCATION, TECHNOLOGY TRANSFER AND ADVISORY SERVICE "GRASSROOTS" APPROACH TO PROBLEM SOLVING. Our request is based not just on our own assessment of needs, but on the extensive feedback we have received from the broad public with which we deal. As a result, Sea Grant continues to experience broad-based support from the public and from Congress.

Hearings on HR 1370, providing for reauthorization of the National Sea Grant College Program, were recently held before the Oceanography Subcommittee of the House Merchant Marine & Fisheries Committee. Committee markup is scheduled in the near future. Our appropriations request is based not just on our own assessment of needs, but on the extensive feedback we receive from the people who use coastal and marine resources with which we deal and we anticipate that it will be in line with proposed reauthorization levels.

APPROPRIATIONS REQUEST

The Congress is well aware of public concern over marine environmental quality and over estuarine and coastal habitat and resource productivity. There is also broad public concern over the intensifying pace of change along the coastline in many areas, while other coastal locations face continued economic decline. These concerns need to be addressed in tandem, for they are vitally linked. Sea Grant has a long track record in dealing with similar issues and is uniquely suited for the efforts that are needed.

We are also requesting a funding increase to allow adequate support of recently designated Sea Grant Colleges that have not been sufficiently funded to undertake the full range of research, education and advisory activities that are the hallmark of the Sea Grant College status as designated by statute and regulation. Their achievements have been acknowledged, but the reality of a broad-based College program has not been possible for them without cannibalizing the network. Additional funds should allow them to compete for an adequate level of support.

And the impact of ten years' inflation has badly eroded the Sea Grant structure. Sea Grant's buying power in 1989 was 34% below its 1978 peak. This impact has been widely felt, but perhaps nowhere more than in educational programs, including support of graduate students and the recruitment of minorities into science and engineering fields. The numbers of students supported has declined by 26% since 1981. Congress and the Administration are emphasizing the need for increased educational activity on behalf of the environment, scientific literacy, and economic competitiveness. **We ask that Congress follow the precedent begun in FY 90 of a modest inflationary increase to help reverse the erosion of educational capabilities.**

THE NOAA REQUEST AND MARINE ADVISORY SERVICES

The NOAA budget request includes $25 million for Sea Grant. It assumes a $15.8 million cut in support of Marine Advisory Services.

THE MARINE ADVISORY SERVICES ACTIVITY IS ONE OF THE GLORIES OF NOAA AND THE SEA GRANT PROGRAM. IT TRANSFERS SCIENCE TO THE USERS - GOVERNMENT, INDUSTRY AND THE PUBLIC - AND TRANSLATES THE NEEDS AND CONCERNS OF USERS BACK TO THE SCIENTISTS. SEA GRANT MARINE ADVISORY SERVICES IS THE PRINCIPAL REASON WHY SEA GRANT IS THE ONLY MARINE SCIENCE PROGRAM IN THE COUNTRY THAT IS USER-ORIENTED. **The main problem with Sea Grant Marine Advisory is that it has been starved for funds for more than ten years and thus is not being used to maximum advantage in addressing regional and national needs.**

The magnitude of a $15.8 million cut in Sea Grant is such that all advisory service, communications and public education activities would be eliminated. In addition, the impact on state and local matching support for Sea Grant activities would be considerable.

Using another comparison, a cut of this magnitude is equivalent to the current cost of A) all of the Pacific and Great Lakes programs combined; OR, B) all of the Atlantic Coast programs from Maine to North Carolina; OR, C) all of the mid-Atlantic, Southeast and Gulf programs, including Puerto Rico; OR, D) all of Sea Grant's fisheries, aquaculture and estuarine research. In other words, a cut of that magnitude will heavily cripple Sea Grant's continuing capacity to respond to national needs on marine resources and the environment. We will also lose the capabilities and relationships that have been so carefully built over the past 25 years.

We have built effective networks and trust. Developing networks, forging credibility, training agents and specialists, accumulating an information base, and ferreting out the conduits of information exchange and outreach are long-term tasks. The efficacy of Sea Grant's Marine Advisory Service is the result of a long-term investment and the enlightened vision of the architects of the original Sea Grant act. But, the most important point of our long-term investment is the trust that our coastal constituency places in Sea Grant as the primary (in many cases the only) source of information to help them improve their competitiveness, economic return, more conservative use of marine and coastal resources, and improved conservation through environmental education.

SEA GRANT ACHIEVEMENTS

We have always based our requests to this Committee on our ability to respond to public needs, and each year we have reported to you on achievements. As you are aware, the annual economic benefits to the nation from this program are over TWENTY TIMES the annual appropriation, and this does not begin to include the numerous other environmental, technological, and educational benefits we have provided. This year I want to provide examples that both show our continued achievement and that illustrate the capability which additional funding would allow us to bring to bear.

In the state of South Carolina, we have been working to expand the hard clam aquaculture industry through a combined approach of basic scientific research and technology development. Our efforts in developing innovative culture systems were proven successful by the widespread adoption of those technologies by clam operations in States throughout the Pacific Northwest and the Northeast. There are more than 8 commercial operators throughout the nation that have benefited from our technology development.

We have also seen remarkable results through our long-term commitment to a Hard Clam Genetics Program that uses both traditional and newly-developed genetic techniques to develop stocks of faster-growing hard clams. The Program has developed a solid base of knowledge of use to the scientific community and, more importantly, to hard clam culturists throughout the country. Indeed, the South Carolina Sea Grant program's long-term commitment to hard clam research has led a group of investors to develop an $8 million hard clam culture operation near Charleston, South Carolina. This facility will not only provide a valuable product to the eastern and midwestern seafood markets and a source of "seed" clams to a number of small-scale clam farmers, it will provide more than 60 semiskilled jobs greatly needed in a rural island community.

Yet Sea Grant is more than just the conduct of good science and the transference of that information to the private sector One of the unique aspects of Sea Grant research is the capacity to involve interdisciplinary approaches to resource use and conservation. Understanding the human component is one of the crucial needs to better develop enhanced values of our marine and coastal resources. For example, a Sea Grant researcher in North Carolina has developed methodologies that enable managers and users to integrate human factors into their resource management strategies and for affecting human behavior so as to improve chances for resource conservation. His research in Florida on the spiny lobster fishery has led to an industry-derived plan for regulating the fishery that meets biological, economic and social objectives - the first instance of this kind in the United States. We believe this approach is the key to future resolution of fishery resource conflicts. The seafood industry is using characteristics of consumer behavior derived from his research to facilitate more efficient marketing of seafood and seafood analogs - increasing the profits in a crucial coastal economic sector. Not only have these research projects resulted in tangible improvements for industry and government, they have also advanced our understanding of fundamental human behavior

Another important aspect of Sea Grant is the critical role that it plays in the education and training of tomorrow's scientists and engineers. As you well know, there is a growing need to strengthen the recruitment of young Americans into these important technical areas of study. Sea Grant has played a major role in attracting and retaining America's brightest in the marine sciences. One example is Dr. Standish Allen, now a Sea Grant-supported molecular scientist and faculty member at Rutgers University. Dr. Allen began his scientific career during college in Maine working on a lobster culture project supported by Sea Grant. Then during his graduate work at the University of Washington, Sea Grant supported him on a project that resulted in the development of triploid oysters The availability of the triploid oyster has provided the Pacific Northwest oyster industry with a brighter economic future. Now Dr. Allen is a central scientific figure in the effort to develop disease-resistant oysters for the hard-pressed Mid-Atlantic oyster industry.

Another example of Sea Grant's role in developing our country's technical capability is my colleague, Chris Jones. Partially as a result of being supported by Sea Grant as a graduate engineering student, Mr. Jones became the coastal engineering specialist for the Florida Marine Extension Program. He did such an outstanding job that he was aggressively recruited by several engineering consulting firms. He took a position with Coastal Science and Engineering, Inc. based in Columbia, S.C. And in the late fall of 1989, Mr. Jones was a principal consultant to the S.C. Governors office and the S.C. Coastal Council in the design and execution of a 30 mile long emergency renourishment project for our coastal beaches after Hurricane Hugo. We were certainly fortunate to have someone with his scientific background and pragmatic experience around to assist at a critical time.

NOAA OCEAN BUDGET REQUEST

We wish to urge your support, Mr. Chairman, for enhancing the ocean budget requested by NOAA. There are many instances where our universities will be developing productive partnerships with NOAA laboratories to accomplish many of the goals outlined in their request. Many of the crucial issues facing our nation, which have been identified in the budget request, can be most efficiently addressed through government/university cooperative efforts. We endorse that concept and stand ready to assist in making it work. The National Sea Grant College Program is an essential part of NOAA, supports NOAA goals, and carries out crucial NOAA research and outreach programs. We stand ready to function as a component of the national ocean agency -- we just need more funding to get the job done.

CONCLUSION

Mr. Chairman, we are proud of our past achievements, pleased to again be a part of the NOAA budget, and ever grateful to this Subcommittee for your long-standing support of Sea Grant. We believe that the request of $48.5 million will not only strengthen the Sea Grant network but will contribute substantially to the welfare of this nation's ocean, coastal and fishery resources--and of the people who use and enjoy those resources.

Thank you.

LETTER FROM STEVEN G. OLSON, FEDERAL RELATIONS, MARINE DIVISION, NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

April 26, 1991

The Honorable Ernest F. Hollings
Chairman
Subcommittee on Commerce, Justice, and State,
the Judiciary, and Related Agencies
Committee on Appropriations
S-146A Capitol Building
U.S. Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The Marine Division of the National Association of State Universities and Land-Grant Colleges (NASULGC) has developed the enclosed position papers in support of the FY 1992 National Oceanic and Atmospheric Administration appropriations. The Division respectfully requests that these materials be included in the record as part of the public witness hearings before the Appropriations Subcommittee on Commerce, Justice, and State, the Judiciary, and Related Agencies.

NASULGC represents 148 institutions of higher education which collectively enroll more than 2.6 million students; annually invest more than $33 billion in teaching, research, and public service programs; award over one-half million degrees yearly, including 60% of all U.S. doctorates; and claim more than 17 million alumni worldwide. The Marine Division of NASULGC represents over 90% of the academic marine community.

The NASULGC member institutions wish to thank you for your continued interest in and support for the protection of our nation's atmospheric, marine, and coastal resources and the role that university research does provide in understanding, managing, and protecting these valuable resources.

With best wishes.

Sincerely,

Steven G. Olson
Federal Relations
Marine Division

National Association of State Universities and Land-Grant Colleges
Marine Division

White Paper

General Environment Outlook for FY 1992

The Marine Division of NASULGC is supportive of the President's FY 1992 budget request as it pertains to environmental research and development programs. The President's requests for the General Science, Space, and Technology; Energy; and Natural Resources and Environment functions represent a positive commitment to scientific research. For example, the budget request for the National Science Foundation ($2.772 billion) is consistent with the goal of doubling the NSF budget over a 5-year period. Furthermore, there is substantial support for programs related to climate and global change. For FY 1992, the Administration has requested $1.186 billion for the U.S. Global Change Research Program (USGCRP), a $232 million or 24 percent increase over the FY 1991 congressional appropriation. This coordinated research program will be spread primarily over seven agencies-- NOAA, NSF, EPA, NASA, and the Departments of Energy, Interior, and Agriculture. The Division is also encouraged by the significant increases in the R&D expenditure for biotechnology programs. Given our declining national trade balance, it would seem especially prudent to support proven programs which have demonstrated an ability to significantly increase our technological competitiveness.

Underpinning the Administration's environmental science requests is the realization that accurate and reliable scientific information is critical to our ability to predict, measure, and understand changes in our global environment. The role of the academic science community in providing such information has traditionally been strong. University research provides a measure of quality control by which policy-makers and regulators at all levels of government can make informed judgements as to the formulation and implementation of sound environmental management policy.

The FY 1992 budget request is a good start by this Administration in following up its verbal commitment to education and the environment. We are encouraged that some agencies which have not traditionally supported university research to any large degree, such as the National Oceanic and Atmospheric Administration, have stated that they will commit up to 40 percent of individual programs to extramural support. This support for the academic community bodes well for the training of future scientists as well as for the state of future scientific development.

As the 1990s unfold, the United States will have to make sweeping decisions as to the direction and magnitude of its environmental policies. The Marine Division of NASULGC accepts its responsibility as part of the larger framework of the academic science community to be able to provide the scientific personnel and data with which to effectively evaluate and implement these decisions.

General NOAA Outlook for FY 1992

The Marine Division of NASULGC endorses many aspects of the President's FY 1992 budget request of $1.59 billion for the National Oceanic and Atmospheric Administration. This amount represents an 11.4 percent increase over the FY 1991 congressional appropriation. Of particular interest to the Division are the substantial increases in the NOAA Coastal Ocean Program and the Climate and Global Change Program. The Division is encouraged by the Administration's request for funds for the Sea Grant College Program even though the request is approximately $17.4 million less than the FY 1991 appropriated level. We urge Congress to restore Sea Grant to a level of $48.6 million for FY 1992. Similarly, while the Division generally supports new initiatives within NOAA, we are deeply concerned about the underfunding of other existing congressionally-mandated programs such as the NOAA Undersea Research Program, National Coastal Resources Research and Development Institute (NCRI), and Coastal Zone Management. These programs not only serve university research needs but also support critical aspects of relaying scientific information into crucial implementation. We also stress the need for greater intra-agency coordination between all NOAA programs involved in the scientific research and management aspects of our coastal ocean resources.

In general, the Administration's request for NOAA represents a positive step towards building the necessary linkages between scientific research directed towards the protection, conservation, and allocation of our nation's coastal and marine resources, and the use of this scientific knowledge in the development and implementation of sound environmental policy. The Marine Division has also seen encouraging developments in the relationships between NOAA and the university community. Increasing amounts of research dollars are becoming accessible to university research as more and more cooperative agreements between academic institutions and the agency are being forged. For example, programs such as Climate and Global Change and Coastal Ocean Science have targeted up to 40 percent of their program funds to be used extramurally for research by universities.

The Marine Division would like to see these relationships continue to develop. We believe that the scientific community should continue to play a critical role in providing accurate and reliable scientific information to decision-makers at all levels of government.

FY 1992 National Sea Grant College Program

The Marine Division of NASULGC endorses the Administration's continued recognition of the National Sea Grant College Program as a critical component of NOAA. However, we are concerned that the FY 1992 request of $24.997 million is approximately $17.4 million less than the FY 1991 appropriated level. Therefore, while we support the inclusion of the Sea Grant Program in the President's budget, we believe that the amount should be increased to $48.6 million for the core program.

The Division believes that this administration is making a serious error by casting aside Sea Grant's very effective Marine Advisory Service (MAS) Program. In fact, NOAA should be recommending large increases in the public service component of Sea Grant to support the rapidly-growing need for technology transfer and information dissemination. The Sea Grant MAS is the only existing program dedicated to information transfer in the coastal ocean segments of our economy.

The National Sea Grant College Program has been a productive one since its inception 25 years ago, as shown by assessments of economic return. Through this program, numerous students in our nation's colleges and universities have received support for their training, thus ensuring a pool of individuals who are highly trained and highly skilled in areas relating to the coastal ocean. Furthermore, the program has provided a forum for the interaction between NOAA and the university community, which we support and encourage to continue. The program allows both scientists and policy-makers to tap into over 200 participating institutions and more than 3000 scientists to address critical climate, ocean and coastal issues. Sea Grant also provides a mechanism which brings NOAA into direct contact with its users on common issues.

Because the Sea Grant College Program has been such a successful one, we support its inclusion in the FY 1992 budget, and urge the Congress to increase the amount in the administration's request.

FY 1992 NOAA Coastal Ocean Program

The Marine Division of NASULGC endorses the concept of the Coastal Ocean Program and the Administration's FY 1992 budget request of $17.3 million--an increase of approximately $7 million over the FY 1991 appropriation. The Coastal Ocean Program recognizes the critical importance of our coastal and marine resources and the necessity for developing sound scientific research and policy initiatives in order to provide for the comprehensive management of these resources. The Coastal Ocean Program represents an attempt to refocus, coordinate, and integrate existing NOAA programs, with the development of interagency planning and cooperative agreements between relevant federal agencies, in order to make NOAA more responsive to the myriad problems affecting the coastal oceans and estuaries of the United States. The program strives to improve the understanding, predictability, and stewardship of coastal ocean resources through the integration of internal programs, competitive grants to the academic community, and private sector contracts.

The major goal of this NOAA-wide program is to improve our basic understanding of the coastal ocean. The program thus involves increasing our fundamental knowledge of the processes occurring in coastal waters, a process with which the academic community is well acquainted. Indeed, 35-40 percent of the funds allocated to the Coastal Ocean Program is planned for the support of extramural research programs. We strongly support the interaction between NOAA and the universities and encourage the inclusion of a specific requirement for such academic involvement in the appropriation bill or report language. The involvement of universities in this program will certainly strengthen it. Universities are recognized as the focal point from which reliable and accurate scientific information is gathered and subsequently used to formulate and implement sound environmental management policy.

FY 1992 NOAA Climate and Global Change Program

The Marine Division of NASULGC endorses the concept of NOAA's Climate and Global Change Program and the Administration's FY 1992 budget request of $78 million; an increase of approximately $31 million over the FY 1991 congressional appropriation level.

NOAA is one of seven federal agencies involved in the U.S. Global Change Research Program (USGCRP). The major premise behind the USGCRP is to coordinate individual agency proposals for global change into a comprehensive national effort. This year's budget request moves NOAA into the position where it can have a major impact in the realm of Climate and Global Change research, much like NASA and NSF. The request for NOAA includes the enhancement of some programs which are already in place, including documentation of earth system change, focused studies on controlling processes, and improving integrated conceptual/predictive models and information management capabilities. NOAA is poised to play an aggressive role in all these areas. However, the Division urges that the emphasis on the Climate and Global Change Program should not detract from the necessary continuation and maturation of other important congressionally authorized programs within NOAA's purview such as Sea Grant, Coastal Zone Management, NURP, and the National Coastal Resources R&D Institute.

Similarly, the contributions which our universities can bring to bear in addressing the program responsibilities assigned to NOAA is of equal importance. NOAA has stated that it will allocate 30-35 percent of the Climate and Global Change funds for extramural scientific research at our universities. The Division wholeheartedly supports this continued linkage between NOAA and the academic community.

STATEMENT OF BETH CLAUDIA MARKS, CHAIR, ANTARCTICA TASK FORCE

Thank you for the opportunity to comment on the Fiscal Year 1992 budget for the Department of Commerce, and specifically, the Antarctic Marine Living Resources (AMLR) Program of the National Oceanic and Atmospheric Administration (NOAA). I am Beth Marks[1], research biologist and chair of the Sierra Club's Antarctica Task Force. This statement, which I present on behalf of 12 environmental organizations[2], urges this Subcommittee to approve an appropriation of $4 million to support the AMLR, NOAA's directed research program in Antarctica.

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[1] Member of the Antarctic Section of the Department of States' Advisory Committee on Oceans and International Environmental Scientific Affairs; Non-governmental representative on the U.S. delegation to the Convention on the Conservation of Antarctic Marine Living Resources, 1990-present.

Although this effort is vital to U.S. interests in Antarctica, and supports our international obligation to the Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR), the Administration is unfortunately not seeking any funding for it in its Fiscal Year 1992 budget request.

We believe that this will reduce the ability of the U.S. to protect its political interests in Antarctica and maintain its leadership role in marine living resources research.

The Antarctic Marine Living Resources Convention Act of 1984[3] mandated that NOAA develop and implement a directed research program to support and facilitate implementation of CCAMLR. This program, the U.S. AMLR Program, has been implemented by NOAA's National Marine Fisheries Service, since 1986. Funding for this program has been limited and provided by Congressional add-ons to NOAA's budget. Uncertainty as to whether, when, and how much funding would be provided has made it impossible

1. to develop an effective, long-term program plan;

2. to coordinate with the National Science Foundation's (NSF's) basic research program in Antarctica; or

3. to become involved in multi-national programs requiring significant advance planning and commitment of resources.

This has prevented the U.S. from leading by example and threatens to compromise the lead role that the U.S. has played in developing ecologically sound and internationally acceptable approaches to Antarctic issues.

Commercial harvesting of Antarctic fish began in the early 1970s. By 1976, several nations had launched commercial harvesting operations for krill, the one- to two-inch long shrimp-like crustacean that forms the basis of the Antarctic food chain. Most of the harvested krill is used in animal feed. In anticipation of the very serious impacts that commercial fishing could have on this food web, the CCAMLR was adopted in 1980 and entered into force in 1982. To date 21[4] nations, including the major fishing nations in the Southern Ocean--the Soviet Union and Japan--have agreed to subject their fishing activities to regulation under the Convention.

The Convention was negotiated after several species of whales, seals and finfish had been severely depleted in the Antarctic, and fishing for krill was increasing. Several members of the Antarctic

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[2] The Antarctica Project, Defenders of Wildlife, Environmental Defense Fund, Friends of the Earth, Greenpeace U.S.A., The Humane Society of the United States, National Audubon Society, National Parks and Conservation Association, Natural Resources Defense Council, National Wildlife Federation, Sierra Club, Wilderness Society

[3] The Antarctic Marine Living Resources Conservation Act of 1984 (P.L. 98-623)

[4] Members of CCAMLR include Argentina, Australia, Belgium, Brazil, Chile, European Economic Community, France, Germany, India, Italy, Japan, Republic of Korea, New Zealand, Norway, Poland, South Africa, Spain, Sweden, Union of Soviet Socialist Republics, United Kingdom, and United States.

Treaty were concerned that over-exploitation of krill would lead to the general demise of the Antarctic marine ecosystem because of krill's pivotal position in the food web.

Consequently, CCAMLR was formulated in an attempt to provide a management system that both protected the ecosystem and allowed fishing activities in the region. CCAMLR is unique in its "ecosystem" approach to the management of fisheries because its aim is to allow sustainable use of any stock in perpetuity while preventing irreversible damage to populations of target species and species dependent on or related to the target species.

The Convention established an advisory Scientific Committee and a regulatory Commission with authority to impose restrictions on commercial fishing operations. However, because the Convention requires **consensus** decision-making, measures to prevent over-exploitation will be adopted only if they are supported by persuasive scientific information.

To ensure the acquisition of the requisite scientific information, Congress directed NOAA in 1984 to design and conduct a program of scientific research concerning the marine living resources of Antarctica[5]. Congress found that both a directed research program and a basic research program (funded by the NSF's Department of Polar Programs) concerning the marine living resources of Antarctica are essential to achieving the U.S. goal of effective implementation of the objectives of CCAMLR.

The Program Development Plan (PDP) to implement the NOAA's AMLR Program was completed in 1986, and Congress appropriated $2 million for Fiscal Year 1987[6]. NOAA scientists embarked on their first research cruise in the Southern Ocean.

That 90-day cruise confirmed that fishing operations were impacting the marine life, and indicated that several fish stocks were being exploited at rates above those which allow replacement of the stock. Several of the fish stocks had been so heavily fished that their populations were less than 10% of their size in 1982[7].

Krill stocks were determined to be only one-third as abundant in heavily-fished waters near Elephant Island. This may have been caused by commercial fishing operations in the area in 1981. Because krill often occur in dense aggregations or swarms spanning several miles they are easy to harvest. In 1981 47 factory trawlers homed in on a superswarm of krill in the Elephant Island area and fished for several weeks[8]. These very low concentrations of krill appeared to have impacted seals and penguins[9].

Last week, a decline in two krill predators, possibly due to overexploitation of krill, was reported[10]. Scientists studying Chinstrap and Adelie penguins on King George Island reported that

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[5] The Antarctic Marine Living Resources Conservation Act of 1984 (P.L. 98-623)

[6] The full program, as planned in the PDP, was to be funded at the $4 million level, including $1.8 million for the charter of a dedicated research vessel.

[7] Testimony of Bruce Manheim, Environmental Defense Fund, before the House Appropriations Subcommittee on Commerce, 1987.

[8] Ibid.

[9] Ibid.

[10] Washington Post, Monday, April 8, 1991.

14% of the 18,000 breeding pairs that normally return to the rookery failed to show up this year. This follows smaller declines in the past two years, and corresponds closely with an increase in commercial krill harvesting. From 1982-1985 fishing fleets annually took between 130,000 and 230,000 tons from the Southern Ocean. In 1986 the take was doubled to 400,000 tons. Two years later penguin populations began to decline[11].

For the past several years the U.S. AMLR Program has concentrated on the interdependence between krill predators (penguins and seals) and variability in their food supply, and how responsive these predators are to changes in the availability of food. This study has been conducted on and around Seal Island, and preliminary results seem to corroborate the King George Island findings: 20% fewer penguin breeding pairs initiated nests at the beginning of the reproductive season. This seemed to correlate with a decreased krill availability. In addition results from last year and this year indicate a change in the krill population--several year classes appear to be weak--which means the capacity of the population to replace itself is diminished[12].

Despite these impacts no measures have been adopted under CCAMLR to monitor and restrict the commercial krill harvest. This is due to an insufficiency of scientific information on krill populations, demographics, and sustainable recruitment levels. Additional studies need to be conducted in order to fully understand krill population dynamics and the variability associated with environmental vs. human-induced changes.

It is clear that data generated by the U.S. AMLR Program will be essential to protect the Antarctic marine ecosystem. But the scientific value of this data can only be ensured by its continuity. Monitoring data should be collected at regular intervals. Interrupting long time-series data sets is costly as it necessitates the discarding of data before the interrupted years because of uncertainty about the interim period and possible changes in methodology after the interruption.

In the absence of the U.S. directed research program, the major fishing nations in the Southern Ocean will continue to resist implementation of conservation measures aimed at limiting the harvesting of exploited species. In addition, the U.S. will continue to fall seriously behind these countries in directed marine research.

For Fiscal Year 1992 $4 million will be needed to continue and extend the U.S. AMLR Program. This would be consistent with the first PDP. The original PDP was never fully implemented because it has never been funded at this level.

For the AMLR Program to continue at last season's level would require, at a minimum, restoration of funding at the $1.3 million level. But this assumes that the Surveyor, NOAA's research vessel, will again be available. Otherwise, to charter a comparable vessel can cost up to $1 million.

The remaining appropriation will support the ongoing scientific assessments of Antarctic marine species, primarily krill and krill predators. Expanding the program will allow the implementation or continuation of the following programs, all of which are dependent on the availability of a research vessel:

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[11] Ibid.

[12] Dr. Rennie Holt, chief scientist, U.S. AMLR Program, personal communication.

1. The U.S. took the lead in establishing that finfish populations were not recovering in the fishery around South Georgia Island. This led to closed seasons and restricted catch limits. Similar bottom fish surveys have not been conducted in other critical areas--especially the South Orkney Islands and the Antarctic Peninsula--where over-harvesting led to a precipitous drop in catch levels in the early 80s. There is currently a one-year moratorium on fishing in the waters surrounding these areas, but there is a high probability that pressure will be brought to bear to allow fishing to commence at the end of the year. This is because the United Kingdom has imposed a 12-mile protection zone around South Georgia Island to regulate fishing; this was the principal area for finfish harvesting.

Even if the finfish fishery does not immediately shift to these areas, fish stock assessment studies should be conducted to determine if those fish populations which were severely depleted in the early 1980s have had a chance to recover. These surveys need to be conducted **prior** to the inception of harvesting.

In order to conduct bottom fish surveys a ship with trawling capability needs to be chartered, as the NOAA vessel Surveyor does not have this capacity. The cost of chartering the ship and conducting the cruise can reach $2 million.

2. It is not known whether there is a single krill population in the Southern Ocean or several discrete populations. Preliminary studies using mitochondrial RNA/DNA techniques were inconclusive and should be repeated and expanded. This knowledge is necessary in order to quantitate the biomass of krill necessary to sustain krill predators and to ensure replacement of the krill population, and to determine the biomass that can be safely harvested.

3. From 1987-91 populations of phytoplankton, krill and fish around Elephant Island and at the ice-edge were assessed acoustically. This data is invaluable to a better understanding of the status of krill stocks, to better understand how krill predators locate krill, and how fishing methods and levels may affect the availability of krill to different krill predators. If a research vessel is unavailable, this research will be interrupted, rendering the data inconclusive. When and if this research is continued the past data may have to be discarded.

4. Currently survey work in the Seal Island study area commences after the beginning of the reproductive season. Extending the field season by one month would allow researchers to be present from the time when penguin eggs are first laid or seal pups are born until they go to sea three months later. Results from past seasons has shown that the amount and distribution of krill varies during the season. If krill is unavailable during any part of the season it might affect the reproductive success or survival rates for the entire year. To fund an additional month can require an $500,000.

5. In addition to monitoring krill predators, the program measures the physical parameters in the ocean which could affect the distribution of krill and the distribution and productivity of phytoplankton, which are the primary food of krill. Additional ship-board time would allow an increase in the area monitored and a better understanding of the interactions in the ocean.

6. Additional ship-board time would allow continuation of the satellite tagging work on crabeater seals which was started two years ago. Crabeater seals appear to have replaced the baleen whales as the major krill predator in the Southern Ocean.

7. At present, little is known about the extent or causes of natural variation in the distribution, abundance or productivity of

Antarctic bird populations. Also, little is known about the winter distribution and diet of species that remain in the Antarctic throughout the year. Collection of long-time data series at representative seabird colonies is being done as part of the CCAMLR Ecosystem Monitoring Program. Without additional data on at-sea movements and feeding patterns, during the winter as well as during the summer breeding season, it is impossible to differentiate between natural and fisheries-related variation in the parameters being monitored. Additional ship-board time would be required to facilitate implementation of these studies.

8. In 1990, the CCAMLR Observation and Inspection program commenced with the pre-arranged boarding of a Japanese vessel by NOAA personnel. This program is critical in ensuring compliance with the conservation measures adopted by the CCAMLR Commission. In order to expand this program, additional ship-board time and funds are required.

Implementation or continuation of these research programs are critical in building a strong scientific case for the conservation of Antarctic marine life.

Recognizing the need for directed as well as basic research, the Antarctic Marine Living Resources Convention Act mandated that NOAA develop and implement a directed research program to support and facilitate implementation of CCAMLR. Funding for this program has been limited making it impossible to develop an effective, long-term program plan, to coordinate with National Science Foundation's basic research program in Antarctica, or to become involved in multi-national programs requiring significant advance planning and commitment of resources. Without a commitment of funding it is also impossible to charter a suitable research vessel for the upcoming season; funds have generally not been committed until after most of the suitable vessels are chartered by other programs.

Without a long-term plan and commitment of funds the U.S. is unable to lead by example, and threatens to compromise the lead role that the U.S. has played in developing ecologically sound and internationally acceptable approaches to Antarctic issues.

The U.S. can and should continue to play a lead role in identifying and mitigating conservation problems in the Southern Ocean. The AMLR Program should be continued and expanded. Failure to fund the Program will reduce the ability of the U.S. to argue persuasively for measures that protect Antarctic marine life. If the AMLR Program is allowed to decline while the scientific programs of other countries increases, the United States' political and security interests in and influences over Antarctic activities will diminish.

Understanding the interactions of the members of the Southern Ocean food chain with each other and their environment could also be critical if mineral resource exploitation is ever permitted in the Antarctic. The decision to commence mining activities will depend on available scientific information, much of which is generated by research conducted by the AMLR Program.

Because of the long-time series and the diversity of data already collected, the Southern Ocean and the Antarctic ecosystem are critical in furthering our understanding of global warming and global climate change. The wide range of species and parameters studied will complement the United States' Climate Change Program. A workshop will be held later this year on the effect of global warming in the Southern Ocean. The purpose of this workshop is to on available scientific information, much of which is generated by research conducted by the AMLR Program.

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The failure of the U.S. to fulfill its obligations under CCAMLR will reflect poorly on our commitment to the Antarctic Treaty System--the collection of political agreements which governs activities in Antarctica. In June of this year the Antarctic Treaty can, for the first time, be open for review and revision at the request of any Treaty nation. The U.S. will be at a disadvantage to argue persuasively for continuation of a strong Treaty if it is lacking in its commitment to CCAMLR.

While we recognize that you must make difficult budget decisions, we believe that you should not overlook the importance of the U.S. AMLR Program. The modest allocation of funds that we are requesting for investment in Antarctic marine research will go a long way toward addressing critical environmental and political issues that the United States will face in Antarctica. And for future generations, investing in this program will be more important than the modest savings gained through its elimination.

For these reasons, we respectfully request this Subcommittee to approve an appropriation of $4 million to support NOAA's Antarctic Marine Living Resources Program.

Again, I appreciate the opportunity to submit this testimony, and would be glad to respond to any questions.

STATEMENT OF DR. WILLIAM MERRELL, PRESIDENT, TEXAS A&M UNIVERSITY AT GALVESTON

INTRODUCTION

Thank you Mr. Chairman and members of the committee for the opportunity to submit this written testimony in support of the National Sea Grant College Program. I am Dr. William Merrell, President of Texas A&M University at Galveston. The National Sea Grant College Program involves more than 300 colleges and universities throughout the nation. This program is administered by NOAA through a designated college or university in each of the coastal states including the Great Lakes States, Puerto Rico, Virgin Islands and Hawaii. The main functions of Sea Grant are basically threefold: fund and promote needed basic and applied marine research; transfer new and relevant technology and information to coastal constituents through the Marine Advisory Component of the program; and educate constituents in the importance and wise management of coastal resources.

For FY 92, the Administration's budget submittal for NOAA includes a request for only $25 million for the National Sea Grant College Program, a level that is $15.8 million below the FY 91 core program appropriation. If this cut in funding remains, it would basically eliminate the majority of Sea Grant's Marine Advisory Programs in 30 states including their outreach and technology transfer services. I urge you to continue your support of NOAA and Sea Grant through the core program and special appropriations which together totalled $42.8 million in FY 91.

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[13] Ibid.

My testimony contains the FY 92 appropriations request for $48.5 million, and the justification for that request. It also emphasizes my concern and strong support for Sea Grant and its Marine Advisory Service.

BACKGROUND

The Congress is well aware of the ever increasing public and governmental concern over marine environmental quality, declining fishery resources and estuarine and coastal habitat and resource productivity. With the ever increasing migration of our nation's population to the coastal area, coupled with economic decline in many other areas, the necessity and need for the unique and well established capabilities of Sea Grant becomes even more apparent. Sea Grant has a long and well proven track record in dealing effectively with numerous complex marine resource issues. It is a catalyst for economic diversification and growth in our coastal states, with special emphasis on resource awareness and management, rather than prohibition.

Sea Grant is a Partnership: Due to the federal/state coupling of resources built into the enabling 1966 Congressional authorization, Sea Grant has effectively leveraged national appropriations with state monies augmented by strong county support to solve national, regional, state and local programs for our constituents in all coastal states, Great Lakes states and U.S. territories.

Sea Grant Provides Economic Benefit: The national Sea Grant network recently evaluated its effectiveness by estimating identifiable economic returns and cost-saving efforts resulting from Sea Grant sponsored activities. The program provided in excess of $842 million annual return nationwide, for a $39 million one-year appropriations.

Sea Grant is Unique: Sea Grant is the only marine and coastal partnership program in the United States that combines research, technology transfer and education in a timely fashion to serve the nation's coastal constituents. Sea Grant also serves as NOAA's main connection and interface with the nation's universities.

Sea Grant is Outreach: Sea Grant's Marine Advisory Service component serves as an effective interactive network of specialists and agents "connecting" people with the proper agencies, programs, scientists and information sources to solve real problems.

JUSTIFICATION

Time and again, Sea Grant has proven its ability to respond to national needs concerning marine resources and the environment with a broad-based program that combines quality science with education and outreach strategies. SEA GRANT IS THE ONLY NATIONAL MARINE SCIENCE PROGRAM THAT ADDRESSES PUBLIC AS WELL AS SCIENTIFIC CONCERNS AND THAT HAS A TOTAL RESEARCH, EDUCATION, TECHNOLOGY TRANSFER AND ADVISORY SERVICE "GRASSROOTS" APPROACH TO PROBLEM SOLVING. As a result, Sea Grant continues to experience broad-based support from the public and the Congress.

Hearings on HR 1370, providing for reauthorization of the National Sea Grant College Program, have been recently held before the Oceanography Subcommittee of the House Merchant Marine and Fisheries Committee. Both subcommittee and full committee mark-up are scheduled in the near future. Their appropriations request is based not just on their own assessment of needs, but also on the feedback received from the broad public with which they deal. Their request is in line with proposed reauthorization levels.

APPROPRIATIONS REQUEST

Sea Grant is requesting a funding increase to allow adequate support of recently designated Sea Grant Colleges that have not been sufficiently funded to undertake the full range of research, education and advisory activities that are the hallmark of Sea Grant College status. Their achievements have been acknowledged, but the reality of a broad-based College program has not been possible for them without cannibalizing the network. Additional funds should allow them to compete for an adequate level of support.

The impact of ten years' inflation has badly eroded the Sea Grant structure. Sea Grant's buying power in 1989 was 34 percent below its 1978 peak. This impact has been widely felt, but perhaps nowhere more than in educational programs, including support of graduate students and the recruitment of minorities into science and engineering fields. The numbers of students supported has declined by 26 percent since 1981. Congress and the Administration are emphasizing the need for increased educational activity on behalf of the environment, scientific literacy, and economic competitiveness. I ask that Congress follow the precedent begun in FY 90 of a modest inflationary increase to help reverse the erosion of educational capabilities.

THE NOAA REQUEST AND MARINE ADVISORY SERVICES

The NOAA budget request included $25 million for Sea Grant. It assumes a $15.8 million cut in support of Marine Advisory Services: the major means by which they respond quickly to priority needs.

THE MARINE ADVISORY SERVICE IS ONE OF THE MAJOR STRENGTHS OF NOAA AND THE SEA GRANT PROGRAM. IT TRANSFERS SCIENTIFIC RESULTS TO USERS, GOVERNMENT, INDUSTRY AND THE PUBLIC AND TRANSLATES THE NEEDS AND CONCERNS OF USERS BACK TO THE SCIENTISTS. SEA GRANT MARINE ADVISORY SERVICES ARE THE PRINCIPAL REASON WHY SEA GRANT IS THE BEST EXAMPLE OF A MARINE SCIENCE PROGRAM IN THE COUNTRY THAT IS USER-ORIENTED. The main problem with Sea Grant Marine Advisory Services is that it has been starved for funds for more than ten years and thus is not being used to maximum advantage in addressing regional and national needs.

The magnitude of a $15.8 million cut in Sea Grant is such that all advisory service, communications and public education activities would be eliminated. In addition, the impact on state and local matching support for Sea Grant activities would be considerable.

Using another comparison, a cut of this magnitude is equivalent to the current cost of A) all of the Pacific and Great Lakes Programs combined; OR, B) all of the Atlantic Coast Programs from Maine to North Carolina; OR C) all of the mid-Atlantic, Southeast and Gulf Programs, including Puerto Rico; OR D) all of Sea Grant's fisheries, aquaculture and estuarine research. In other words, a cut of that magnitude will severely cripple Sea Grant's continuing capacity to respond to national needs on marine resources and the environment. Sea Grant will also lose the capabilities and relationships that have been so carefully built over the past 25 years throughout the nation at all levels of society.

The Sea Grant Program has built effective networks and trust. Developing networks, forging credibility, training agents and specialists, accumulating an information base, and ferreting out the conduits of information exchange and outreach are difficult tasks. The efficacy of Sea Grant's Marine Advisory Service is the result of a long-term investment and the enlightened vision of the architects of the original Sea Grant act. But, the most important point of this long-term investment is the trust that our coastal constituency places in Sea Grant as the primary (in many cases the only) source of information to help them improve their competitiveness, economic return, use of marine and coastal resources, and improved conservation through environmental education.

SEA GRANT ACHIEVEMENTS

Sea Grant has always based their requests to this committee on their ability to respond to public needs, and each year they have reported to you on achievements. As you are aware, the annual economic benefits to the nation from this program are over twenty times the annual federal appropriation, and this does not begin to include the numerous other environmental, technological and educational benefits that they provide. I would like to provide you with a few examples of activities and achievements in my own state of Texas.

Developing the Aquaculture Industry• Texas Sea Grant researchers were pioneers in developing shrimp and redfish culture techniques used today. For example, early research discovered life cycle links necessary for spawning and growout of these species in captivity. Additional research then focused on feeds, food-conversion, high density culture, disease, genetics, reproductive endocrinology and overwintering techniques.

At present, Sea Grant emphasis is beginning to shift more strongly into the technology transfer and infrastructure support phases for the aquaculture industry. Staff have been active in helping companies locate sites for hatcheries, feed mills and new ponds. Sea Grant was co-initiator with the Texas General Land Office of the first state land-purchase/lease-back program for aquaculture. This program is growing, ponds are being constructed and fishery products are being cultured. Finally, the Texas Sea Grant program continues to assist in developing state aquaculture legislation through technical advice, key issue identification, supportive documentation and expert witness testimony.

Fisheries and Endangered Species• Mandated use of the controversial Turtle Excluder Device (TED) in commercial shrimp nets brought the Texas Sea Grant Program to the forefront in dealing with the problem of shrimp industry impact on endangered species. Sea Grant has sponsored research on the Kemp's Ridley and other sea turtles for more than eight years. This research focuses on sea turtle behavior, reproductive biology, physiology of hibernation and migratory habits in an effort to better understand and protect these animals. On the other hand, Sea Grant is very active in testing and refining new TED designs, developing proper installation protocols and conducting numerous on-board demonstrations as well as workshops for both commercial shrimpers and net makers. Results have been very promising with reduced shrimp loss and better acceptance of TED's by shrimpers.

Sea Grant is now embarking on a similar program to address issues relating to shrimp bycatch. Advisory specialists and agents are working with the fishermen, and research into genetics of the impacted red snapper stocks is underway.

Toxics in the Environment• Anthropogenic heavy metals are significant and widespread toxicants in Texas estuarine sediments. A knowledge of their concentration, distribution, chemical form, reactivity and availability to organisms is essential to understanding their potential impacts. Sea Grant is sponsoring research in an attempt to determine the biological pathways of heavy metals and impacts on the ecosystem resulting from a variety of activities that cause resuspension; i.e. dredging, trawling, floods, storms and hurricanes.

Transferring Technology • The Texas Marine Advisory Service Program (MAS) is the core of the Sea Grant outreach and technology transfer efforts. This program is composed of a network of eight county marine agents representing 10 coastal counties augmented by eight marine specialists. During 1989-1990, the MAS program directly reached more than 17,000 constituents by conducting more than 185 workshops, presentations, tours, lectures and demonstrations in the areas of: Environmental Quality; Marine Business; Recreation and Tourism; Fisheries; Aquaculture; Marine Education; and Seafood Technology. Constituents are defined as representatives from academia, state and federal agencies, community leaders, industry, trade associations, special interest groups, students and the general public. Further, during 1987-1990, MAS and Sea Grant Administration directly produced $75,562,800 for coastal constituents. This amount was comprised of direct grants, matching grants, technology transfer activities and innovative programs.

CONCLUSION

Mr. Chairman, I am very proud of Sea Grant's past achievements, pleased that they are again a part of the NOAA budget request and appreciate this committee's long-standing support. I believe that the $48.5 million request by the Sea Grant College Program for FY 92 will contribute substantially to the further management and understanding of this nation's oceans and coastal zone and have a substantial economic impact on our coastal regions.

Thank you.

U.S. INFORMATION AGENCY

STATEMENT OF CARL A. HERRIN, EXECUTIVE DIRECTOR, INTERNATIONAL EXCHANGE ASSOCIATION

Chairman Hollings and Distinguished Members of the Subcommittee:

This written statement for the record has been prepared by the International Exchange Association (IEA), the U.S. nonprofit umbrella organization for international citizen and youth exchange. IEA consists of 53 private citizen exchange organizations in the United States representing more than two million volunteers in 15,000 communities exchanging nearly 250,000 participants per year. Further information about IEA--including a membership list--is attached to this statement.

IEA wishes to acknowledge the critical support that the chairman and his colleagues have provided the international exchange community over the years. IEA wishes to raise three critical issues:

- to note the value and importance of American citizen exchange efforts in addressing our foreign affairs needs in this decade and the 21st Century;
- to express support for the funding of the U.S. Information Agency, and in particular the extremely valuable public diplomacy functions of international exchange carried out by that Agency's Bureau of Educational and Cultural Affairs; and
- to voice concern that USIA's single most effective tool in promoting citizen exchange--its power to regulate the J Exchange Visitor Program--could become that Agency's largest self-imposed roadblock to private sector exchange efforts.

The Importance of International Exchange

For all of America's success at being the democratic role model of the world, the engine of a free-market economy, the prototype of a free society; the United States is most often seen from a distance, and misunderstood through a filter of mass communication. Our challenge in pursuing the goal of mutual understanding and world peace is to overcome the distance and eliminate the filter. No better device for achieving that has been discovered than people-to-people contact--the core element in international citizen and youth exchange. In describing the work of public diplomacy, Edward L. Murrow has been quoted as saying, "the real art is to move the last three feet in face-to-face conversation." The people in international exchange are that art: they travel those three feet every day, every time they host an exchange visitor or travel as an exchange participant.

In the course of crossing those last three feet, it has been our experience that international people-to-people contact builds lasting bonds between individuals and nations; promotes mutual understanding that can overcome conflict; teaches an awareness of ourselves and the rest of the world; and creates new opportunities for commerce and trade.

While we can rightfully claim that exchange has been a catalyst for the transitions we have witnessed around the world--in Central and South America, in southern Africa, and in Central and Eastern Europe--we have only just begun to achieve the results we seek in those regions and in other parts of the world. Here our American capacity to reach out and help, and to lead by example, to learn by doing are instrumental in meeting the needs of our fellow man on a Soviet farm, in a Peruvian hospital, in a South African school. To paraphrase Foreign Affairs Committee Chairman Dante Fascell, it is now--on the brink of success--that we must redouble our efforts in international exchange.

Exchanges of citizens and youth are a clearly articulated and time-tested component of our foreign policy. They are low-cost, nonpartisan, nonbelligerent, and populist in nature. They make citizen diplomats of both participants and hosts, and they are an established part of this country's public diplomacy efforts. As successful as they have been in putting America's best foot forward during the Cold War, they promise to be more important in the coming era as we come to know our international neighbors in the absence of that conflict.

Funding for Exchanges

Like so many uniquely American activities, most of the international exchange efforts in the United States are underwritten by the private sector. The vast majority of IEA's members rely on little or no federal dollars to do their work each year. Indeed, among IEA members, we conservatively estimated in 1988 that our collective operating budgets totalled $250 million, and our travel generated in excess of $75 million in business.

Having said that, we recognize that the relatively small proportion of exchange monies contributed by the federal government is essential to our success. For one thing, a dollar of USIA money paid to one IEA member--Partners of the Americas--has been shown by the GAO to produce $12 in private sector support. The multiplier effect is similar for the National Council of International Visitors and Sister Cities International. Beyond this remarkable return on investment, federal funding allows programs to be introduced, and in some cases maintained, where the costs of conducting the exchanges are otherwise prohibitive. The development of new programs in Eastern Europe and the maintenance of programming in parts of the developing world--particularly Latin America and Africa--are prime examples.

The principal source of U.S. Government funding for international citizen and youth exchange comes from the Bureau of Educational and Cultural Affairs at USIA. Since enactment of the Fulbright-Hays Act, that Bureau (with the Department of State until 1978) has worked cooperatively with the private sector to identify areas of need for federal emphasis, to work together on our mutually supportive goals, and to ensure success for American public diplomacy objectives. Through these links, a tremendous range of educational, business, municipal, professional, technical, cultural, and youth exchange is carried out each year. The support of USIA is absolutely critical to these efforts.

It is at this very point in time in the relationship between USIA and the private sector citizen exchange community that we must voice our strong and deep conviction that USIA needs increased funding to enable it to expand its all important mission and specifically to ensure that it can meet the increased challenges in cooperation with the international exchange community.

Consequently, IEA wishes to endorse continued funding of USIA and its exchange programs, and to urge that three specific initiatives be undertaken in the Fiscal Year 1992 appropriations. IEA proposes that in addition to the Administration's USIA funding request, Congress initiate:

- A program of institutional and community support for private sector, nonprofit organizations to ensure that an adequate infrastructure be in place to respond to the demands being placed on exchanges from around the world, and in particular in Eastern Europe and the developing world. Such a program of support would assist with volunteer training, program design and administration, and resource and knowledge base development--activities that have become low priorities for USIA in recent years. IEA recommends an amount of $10 million be targeted as an increase to the Agency's request for the Office of Citizen Exchange (a.k.a., private sector programs).
- A restoration, in steps, of funding for youth exchanges between the United States and the rest of the world. We note that in FY 1988, USIA spent approximately $3.5 million on non-Congress-Bundestag youth exchange; in FY 1992, USIA proposes to spend $208,000. That reduction has emasculated the Agency's youth exchange programming outside of Europe, virtually eliminating any chance that it will fund any programs with Africa or Latin America. IEA recommends that Congress add $1 million to the Agency's salaries and expenses account expressly for youth exchanges.
- No less than current services for Pell Programs and educational and cultural support in Western Europe, East Asia, Africa, and the American Republics. Programming and support in these regions is targeted for reductions from current services in order to provide enhancements to

activities in Eastern Europe and the Middle East. While those enhancements are needed, they should not be made at the expense of other world regions. This process of "robbing Peter to pay Paul" will cause substantial reductions in programming around the globe for academic and International Visitor exchanges, and--to the detriment of many of IEA's members--reductions in overseas staffing at USIS posts in Western Europe. IEA recommends that Congress restore $4.7 million to Pell Programs and $4.1 million to salaries and expenses to ensure no further reductions in these areas.

Regulation of Exchanges: Sail or Anchor

IEA wishes to bring to the attention of the Subcommittee an ongoing reassessment by USIA of its regulatory supervision of exchanges through the J Exchange Visitor Program. The reassessment began in earnest last year with the release of a GAO report on the J program and the first product of that USIA effort has just recently come forward in the form of a draft set of trainee regulations. While this Subcommittee is not historically the point of supervision for what is typically an "authorizing" issue, the reform is of such significance to the conduct of international citizen and youth exchange, that IEA believes it is essential to raise the matter here.

USIA affects a large scope of international exchange functions through its control of the J Exchange Visitor Program--a specially-created nonimmigrant visa program for aliens participating in international exchange programs. The history of the visa category is as long as the U.S. Government's involvement--dating back to the late 1940s. The J program controls not only the admission of USIA-funded participants as with Fulbright scholars and Congress-Bundestag students, but also private sector funded exchangees such as high school and university students, trainees, and summer camp counselors. The category has been a hallmark of cooperative, facilitative efforts between the U.S. Government and the private sector; an effort that has brought literally hundreds of thousands of participants to this country, the vast majority of them without cost to the U.S. taxpayer. IEA's members have historically enjoyed a very positive and constructive relationship with the Agency in designing and running J programs--a relationship we are extremely interested in preserving.

Through the J program, USIA extends its reach into international citizen and youth exchange in a fashion it could not hope to recreate without a dollar investment many times larger than its current budget. For decades, this imprimatur has given private sector exchanges a special status recognized throughout the world and greatly increased the effectiveness of private sector efforts in this arena. It has been one of the best "sails" in our exchange armada.

In recent years, the private sector exchange community has grown increasingly wary that this "sail" might become an "anchor". While IEA is working with USIA officials to ensure that such a development does not occur, it is a real possibility that revisions could severely limit or even eliminate long standing, bona fide exchange programs conducted by the private sector.

The difference of opinion between exchange organizations and USIA is about the proper scope of J-sanctioned exchange programs from the standpoint of Congressional intent. USIA has suggested--according to the GAO report--that the scope is narrow with regard to trainee, summer work/study, and camp counselor programs (indeed, the latter two types of programs are viewed as entirely unauthorized). The exchange community has stated emphatically in submissions to USIA--shared with members of this Subcommittee--that Congress clearly and unambiguously intended a very broadly defined J program, including the types of programs that are currently in operation.

While the debate may seem philosophical, the results could be profound. If USIA does finally conclude that the scope of the J program is narrow, then some of America's oldest and best known exchange programs may cease to function as we know them, including those of the American-Scandinavian Foundation, Future Farmers of America, the YMCA, and the Association for International Practical Training.

We would like the Subcommittee to closely monitor this issue. We believe the potential for real disagreement can be avoided with direct consultation between USIA and the private sector on the question of the scope of Congress's intent. IEA wishes to emphasize that the exchange community supports reasonable regulations that prevent abuses and further the goals of international exchange as mandated by the Fulbright-Hays Act.

IEA appreciates this opportunity to share these views regarding international citizen and youth exchange programs. IEA staff would be pleased to answer any questions members of the Subcommittee might have.

STATEMENT OF RICHARD A. LA DIEU, PRESIDENT, LOCAL 1812, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

Mr. Chairman and distinguished members of the Committee, my name is Richard A. La Dieu, President of Local 1812 of the American Federation of Government Employees. I appreciate the opportunity to testify before you today concerning the U.S. Information Agency's appropriation request for fiscal year 1992.

Local 1812 of the American Federation of Government Employees has represented employees of the United States Information Agency for 33 years. The Local represents USIA Foreign Service and Civil Service employees as well as almost all of its Wage Board and foreign-born domestic employees, nearly 3,000 employees in all.

AFGE fully supports the level of the Agency's appropriation request for fiscal 1992. The Union is justly proud of the accomplishments of USIA employees during the Gulf crisis, as summarized in former Director Bruce Gelb's testimony before you on March 20. We have had our problems with Mr. Gelb, but we agree with his statement that "if there has ever been a time to put funding behind this Agency, to invest in public diplomacy, it is now."

However, we question whether USIA management is imaginative enough. In the "New World Order," foreign policy issues such as the expansion of democratic institutions, the rise of market economies, and increased concern over human rights are all natural subjects for USIA to pursue. Yet just as these ideas are spreading around the world, USIA management chooses to retrench. We seriously question this judgement.

No amount of investment can bear fruit, however, if the funds are misspent or wasted, if leadership at the highest levels is lacking, if we do not have the respect of our colleagues elsewhere in the Government, if employees' morale is undermined by a climate of uncertainty, inability to participate in decisions that affect them, and lack of opportunity for professional advancement. We must regretfully state that Agency management has fallen short in all these areas. In the domain closest to the Union's interest, employee welfare, too often employees' efforts have been rewarded with a slap on the face rather than a pat on the back. What appear to be incompetence and lack of vision at the highest levels of Agency management has made it difficult to articulate coherent policy goals, jeopardized morale and severely restricted opportunities for professional advancement.

The Union is not only an employee organization, but also an enterprise with an operating budget of close to $100,000 per year. We understand only too well the problem of high demand for service combined with too few funds to meet the need. Too many of our own decisions are determined by resource considerations.

We fully comprehend the dilemma faced by this Committee and Agency management.

Nonetheless, we are critical of the way in which the Agency has gone about the task, especially in the needless pain and anxiety caused by ill-considered, short-sighted personnel decisions.

During FY 1991, the Agency carried out budget cuts exceeding $30 million and eliminated 139 domestic positions. We have been told to expect further cuts, and probably furloughs, during this fiscal year. In part, these austerity measures were engendered by unanticipated shifts in exchange rates. They were made much worse, however, by management's delay in identifying and responding to problems, by the haphazard and ineffectual responses that emerged, and by the refusal to work constructively with employees and the Union to minimize the impact of austerity.

The result has been an undermining of morale and productivity that ironically occurred just as we entered the Gulf crisis. The outstanding performance of USIA employees during this crisis occurred in spite of, rather than because of, management's actions.

Elimination of positions and reductions-in-force (which are still being implemented) have had negative impact throughout the Agency. As a result of extensive negotiations and sustained pressure from AFGE and the affected employees, which -- to give credit where it is due -- was met with cooperation from the Office of Personnel, we now believe that fewer than ten employees will actually receive RIF notices, and that most of these will be voluntary. Starting from the proposed abolition of 75 encumbered positions, that is an accomplishment. Unfortunately, the entire process was unnecessary.

The adverse impact of ill-considered management decisions shows up in many other forms. Specific Agency elements, such as the Wireless File, Exhibits Service, Magazines, and Western Europe, suffered deep cuts, resulting in increased workload and reduced morale. Ironically, these are among the elements singled out by the director for praise in his testimony.

The Wireless File employees did extraordinary work during the Gulf crisis. To quote from Mr. Gelb's recital of the Agency's most outstanding accomplishments, "we provided time-sensitive news and information on U.S. policy to 205 posts and embassies worldwide with the transmission of more than 4,000 articles in our daily Wireless File." Yet in the midst of the Gulf crisis, management cut five positions, including three Writer-Editors, from the Wireless File, increasing the overtime burden on staff and jeopardizing morale.

In his testimony, Mr. Gelb also recognized the work of the Agency's Exhibits Service: "our exhibits program in the USSR reached its 30th anniversary mark and capped the recent tour of 'Design USA' by appearing in the heretofore closed city of Vladivostok. Just short of two million Soviet visitors viewed the exhibition." Yet as these word were being spoken, management was implementing a reduction from 51 to 21 positions in Exhibits.

Not surprisingly, the impact of this cut fell disproportionately on AFGE's bargaining unit: in the new Exhibits structure, eight of 21 surviving positions are grade 14 or above. Mr. Gelb stated that exhibits are no longer necessary now that the cold war is over and we can reach the Soviet people by TV. It's not our call, but But aren't we being hasty to abandon a vehicle that works. How are we going to get on Lithuanian TV?

America Illustrated just concluded an agreement to increase circulation in USSR from 100,000,to 250,000. At the same time, staff cuts of seven positions are being carried out in Magazines.

The fact that the Director praises these programs in his testimony while he was eviscerating them in practice illustrates the fundamental policy confusion and lack of direction that plague the Agency. One final example: Two years ago relations with the European Community were advanced as the primary rationale for the Seville exhibition. Now the Agency wants to cut 12 posts in Western Europe and shift resources eastward. What next year? If Western Europe is really no longer a priority, let's reprogram the $2,090,000 in the request for Seville which would almost cover the RIF savings in the Bureau of Programs, the hardest-hit among the Agency elements ($2,256,000). In any case, AFGE will oppose post closings so long as no convincing policy rationale is presented and no discussion is held with employees or their representative.

Many of these cuts were the result of desperation on the part of Agency management. Absent a balanced, rational plan for retrenchment -- worked out in cooperation with the Union -- the cuts were made where it was fiscally possible to do so, regardless of the impact on Agency effectiveness and employee welfare. This, we submit, is not good management, not what the Congress had in mind when it mandated cut-backs, and not in the interest of the country. It is certainly not in the interest of the employees this Union represents

Almost as bad as the cuts themselves is the process by which they have been carried out. While AFGE has consistently sought to engage management in a dialogue to develop constructive solutions to the Agency's fiscal problems, management has rebuffed all efforts to give the employees some say in matters that seriously impact their and their families' well-being. In the case of the Exhibits Service, for example, employees developed an alternative plan to management's proposed reorganization that would have preserved all the positions slated for elimination while achieving the necessary cost reductions. Management refused even to consider the employee proposal. Again, in an effort to avoid RIFs, AFGE requested a survey of employees eligible for early retirement; management refused.

Impact is also felt where unencumbered positions are cut. At the Voice of America, 45 positions were eliminated, further reducing the already severely limited opportunities for promotion in the VOA language services at the same time that workloads have increased. (For example, management recently proposed that the Swahili service, which has a six-person staff, go to a seven-day per week broadcasting schedule!). At VOA, the reduction in opportunity exacerbates the pay disparities between news and English divisions and the regional language services and the lack of promotional opportunities for women and minorities that are addressed in the 1989 GAO report on Personnel Practices at VOA and the 1988 court order. No matter what the intention of management, long-standing and illegal patterns of sex and race discrimination discrimination cannot be remedied under these conditions.

On the matter of equal opportunity, it is clear that USIA management has no commitment to this fundamental human right. No action could be more glaring than the abolition of the only investigator position in the EEO office, leaving the once 12-person EEO office with only two professional staff for a 9,000 person agency. Funds for EEO investigations should be restored and increased, and immediate action taken to remedy pay disparities in VOA language services.

It is not surprising that morale is low under these conditions. The fact that U.S. citizen employees are being RIFed while FSNs (Foreign Service Nationals -- citizens of host countries working for USIA) receive huge pay increases adds insult to injury. The increase in FSN salaries in FY 1991 was over $12 million, with an additional $7 million proposed for FY 1992. From FY 1990 to FY 1992, FSNs received per-position increases of over 27%, nearly twice that of U.S. citizen employees.

The State Department's methodology defines prevailing wages on the basis of a comparison with the best-paying multinational corporations (in stark contrast to the private sector pay gap for domestic employees). The result is FY 1991 increases of 65% for Ghana, 215% for Sierra Leone, 40% for Nicaragua, 23% for Iceland, 25% for Argentina, and 50% for Poland. (Given the strength of the dollar against most of these currencies, this amounts to a huge increase in purchasing power). AFGE's position is that U.S. citizen bargaining unit members should not be RIFed while FSNs double their compensation. We urge the Committee seriously to review the State Department's methodology and to consider requesting a GAO audit of the cost-comparison practices employed by the State Department's contractors.

We believe that there are ways to reduce costs that management has not explored sufficiently. USIA is discovering that "contracting out" tends to increase costs and complicate the Agency's mission. We applaud the decision to bring TV Marti production jobs in-house. The Agency should follow this precedent and cancel the ill-fated contracting out of the Brooklyn and Temple Hills warehouses. We are disturbed to note that the appropriation request projects unjustified rent increases of 58% for these facilities in FY 1992, which undercut the Agency's competitive position.

Another sore point with the Union is the continued presence of very high-paid political appointees, including numerous hold-overs from the previous Administration. We have major problems with political appointees using their influence to convert to Civil Service, but more to the point, no consideration has apparently been given to removing unnecessary political appointees from their posts even as career service employees face loss of their jobs. This is grossly unfair. Complaints about feather-bedding might sound strange coming from a labor Union, but that is what we see at USIA with respect to political appointees.

In conclusion, Mr. Chairman, USIA's record of accomplishments in public diplomacy is marred by a lack of clear goals, poor leadership, poor communication with employees, and a lack of commitment to equal opportunity that adversely impact the Agency's ability to carry out its important mission. We are proud of what the Agency has done and are confident that USIA employees can accomplish any task set out for them. AFGE supports USIA's appropriation request because we know that the money can be put to good use. We hope, however, that the Committee will encourage -- indeed, compel -- USIA to take a more open approach to working with its employees in the painful task of dealing with austerity.

Mr. Chairman, I am not happy about the budget cuts which affect the welfare of my bargaining unit members. I will not be a patsy for Agency managers who might claim that their hands are tied. I will use every legal and moral device available to me to resist unjust and unfair actions on the part of management. I don't even promise to be pleasant about it. That's my job. But, I promise to work in good faith with an Agency leadership that is open, forthcoming and regards us as part of the solution. Like two traditional foes who find themselves in a sinking boat, by working together we might survive. If the Union is cut out of the decision-making process, if management fights us at every step or fails to take advantage of our suggestions, we will both surely drown.

DEPARTMENT OF STATE

STATEMENT OF DAVID N. DINKINS, MAYOR, CITY OF NEW YORK

Mr. Chairman, members of the subcommittee, thank you for allowing me to testify on this very important issue - the federal policy of providing reimbursement to localities to cover the costs of protecting foreign dignitaries. This federal commitment is not being honored. Unless arrangements are made to provide for back claims over the last several years, the City of New York will have provided approximately $8 million in extraordinary services for which we will not be reimbursed. This will be so despite the fact that these services were provided at the specific request of the State Department.

There are two separate diplomatic police protection reimbursement programs administered by the Department of State: one for United Nations dignitaries and missions, authorized by P.L. 94-196, And the other for consular officials, authorized by P.L. 98-164.

United Nations protection reimbursement is vital to the City of New York. We provide police security to all the 32,000 foreign officials and members of their families who represent 159 united nations missions and 88 foreign countries. The New York City police department has established a nearly perfect record in protecting heads of state, members of royalty, popes and countless diplomats and their families.

New York does not ask to be reimbursed for routine police services which are provided to all New Yorkers, including crime prevention, safety patrols, emergency aid, and criminal investigations. These basic services are provided to anyone with no questions asked, even though we receive no off-setting revenues from foreign officials in the form of income, sales, and property taxes, fines from parking violations and other legal judgments.

"Extraordinary protection", as opposed to routine service, is necessary for specific diplomats and foreign properties who may be the subject of threats or possible terrorist activity. Extraordinary protection exceeds the boundaries of routine police activity. Therefore federal reimbursement to localities is justified and only fair since the City is fulfilling a federal responsibility based on mutual and reciprocal international agreements.

A misperception seems to have been of great concern last year when this committee considered funding for these programs. There is no statutory nor regulatory limitation on reimbursement to "heads of state". In fact, the vast majority of those receiving extraordinary protection have been foreign ministers. Now, as I understand it, the State Department is arguing that for reimbursement to occur that a foreign dignitary must be "an official visitor". This argument also is contrary to any law or regulations. Let us remember that all such protection provided by the City is provided at the specific request of the State Department.

It is unconscionable for the State Department to so request and then argue that reimbursement is not necessary.

When former President Gerald Ford signed the first dignitary protection law, Public Law 94-196, $3.5 billion was authorized annually to reimburse localities for protection of foreign dignitaries visiting the United Nations. It was with the enactment of that law that protection of foreign officials was acknowledged as a federal responsibility. A Senate report on the law clearly stated: "local communities should no longer be forced to bear the full cost of what is essential a national obligation."

Congress subsequently increased the annual level for United Nations police protection to its current level of $7 million in order to more accurately reflect the annual cost of extraordinary protection. Since 1982, however there have been no further adjustments in that amount to reflect inflation as well as substantial increases in personnel and equipment costs. The $7 million level no longer reflects actual out of pocket costs of providing this service.

In addition to the public law which was just discussed, there is P.L. 98-164, which was enacted in federal fiscal year 1984 and provides reimbursement for the protection of foreign consulate officials. Although $6 million was authorized, in 1986 and in subsequent years, only $2.1 million was appropriated for this purpose. Like United Nations dignitaries, foreign consular officials are also in need of extraordinary protection, because of their highly visible role in representing their countries.

The combined appropriation for the United Nations dignitary/mission protection and consular protection programs is presently $9.1 million. Prior to FY 89 this proved sufficient, but for federal fiscal year 1989 and beyond, this amount does not reflect the increased cost of such protection.

Personnel and equipment costs incurred over the last three years have risen by nearly 17%. Major international visits, such as the December 1988 visit of Mikhail Gorbachev, cost over $2.5 million and the June, 1990 visit of Nelson Mandela, cost $7 million. It becomes readily apparent that the $7.0 million for United Nations dignitary protection and the $2.1 million for consular protection will be insufficient to satisfy past or future claims. The State Department has officially communicated to the City in letters date May and October 1990 that the FY 89 account was not sufficient to pay all claims submitted. FY 90 claims have not yet been acted upon by the Department.

In providing quality diplomatic protection, the New York City Police Department serves all Americans, and at considerably less expense than it would cost the federal government to do so itself. Nearly nine years ago, the Treasury Department testified before Congress that if the federal government were to physically provide this protection, as it does in Washington, it would cost $20.1 million in the first year alone, with an annual cost of $14.5 million thereafter. Adjusted for inflation this annual cost would now be $19.6 million. Thus, with an average annual reimbursement required to the City of less than $10 million, the federal government is saving in excess of $10 million annually.

Providing adequate and quality police security for New York City's diplomatic community is a costly venture, but surely much less costly than the implications which inadequate protection would pose. Recognizing this, as well as the ever-present threat of international terrorism, the City of New York supports an increase in funding for the U.N. and consular protection programs. Merely to keep pace with the 1986 level, an increase is necessary.

I urge you to enact any necessary increased funding levels for these worthy programs and I want you to know that the City of New York thanks you for the past support your committee has provided.

Thank you very much.

STATEMENT OF THE CONSORTIUM FOR ACTION TO PROTECT THE EARTH

This statement is submitted by six non-profit organizations working together on the issues of environment and development, particularly those issues to be considered by the United Nations Conference on Environment and Development in Brazil in1992. These organizations are:the Environmental Defense Fund, Friends of the Earth-U.S., National Audubon Society, National Wildlife Federation, Natural Resources Defense Council, and the Sierra Club; they form the Consortium for Action to Protect the Earth, or CAPE '92.

On behalf of the 7,500,000 members of these six organizations, we appreciate the opportunity submit a statement on the need for a dramatic increase in personnel, skilled in environmental issues and decision-making, as well as for funding to enable the State Department to meet its growing environmental responsibilities. CAPE'92 has focussed this appropriations request on the bureau that is most responsible for environmental issues within the State Department, the Bureau for Oceans, International Environmental and Scientific Affairs, and on preparations for the United Nations Conference on Environment and Development, which will be held in Brazil in June 1992.

CAPE '92 appreciates the increasing acknowledgment by Congress of the importance of the environment as a component of U.S. foreign policy. An illustration of this increased interest is the integration of environmental considerations into U.S. foreign assistance programs, largely under Congressional guidance.

Foreign assistance, however, is only one aspect of U.S. foreign policy and national security. Increasingly, we see the environment becoming a factor that affects global security and multilateral and bilateral diplomacy. Some examples of environmental threats to security are damage to the "global commons", such as the atmosphere and oceans; damage and erosion of the resources upon which economic activity depends, such as freshwater reserves in the US, which are so important to US agriculture, or timber resources in temperate and tropical countries, which provide jobs here and abroad; increased competition over finite regional resources; and transboundary pollution conflicts.

Environmental problems have their source both at home and abroad, and multilateral diplomacy, in concert with domestic and bilateral action, must be taken to find solutions to such problems. The State Department budget priorities must be changed to accomplish this goal.

I. The Bureau for Oceans, International Environmental and Scientific Affairs (OES):

The surge of importance placed on the environment in foreign policy is reflected in the growing responsibility shouldered by the Bureau for Oceans and International Environmental and Scientific Affairs. The OES workload increases dramatically each year as governments worldwide include environmental issues on their international agenda.

An internal State Department study and another study currently being completed by the Carnegie Institute recommend that an additional

80 positions be set up in the Bureau's environment section. Instead, OES is taking a 17 percent cut in current staff ceilings this year. Operating funds for OES of $1.5 million show that the environment is currently a very low priority for the State Department. This OES staff of 150 negotiates several hundred treaties and agreements each year (563 last year), and is furthermore under executive order to carry out NEPA procedures for such treaties and agreements.

Congress should increase the OES personnel ceiling by 80 people and at least triple the operating budget to $4.5 million. Congress may also wish to set up a separate appropriations account for OES to better direct this funding.

II. The United Nations Conference on Environment and Development (UNCED):

A major international conference will be held in Brazil in June, 1992 on the interlocking issues of the environment and economic development: the United Nations Conference on Environment and Development (UNCED). UNCED has the largest scope of any United Nations meeting ever held, as it attempts to bring both industrialized and developing nations to improve economic development while preserving the environment.

Worldwide activity generated by preparations for the Conference include citizen action (coalition building, creation of international networks), national policy review focussed on the preparation of national reports that lay out each country's environmental and development policy for the next decade; regional preparations (conferences of the UN regional commissions reporting to UNCED); international negotiations on agreements to be ready for the Conference in June 1992; policy reviews and preparations within international institutions, such as the UN system and multilateral development banks; and preparations within non-governmental bodies such as the International Chamber of Commerce.

In addition, UNCED is expected to bring about:

-an agenda for the 21st century, spelling out how the United Nations, governments and citizen organizations can achieve their environment and development goals. This agenda will call for new or redefined institutions, and funding and technology transfer mechanisms, as well as timetables;

-a charter of enviroprmental rights to complement existing charters;

-several agreements on global issues such as climate change, preservation of biodiversity, and possibly forests and oceans.

The Assistant Secretary of State for Oceans, International Environmental and Scientific Affairs has responsibility for this major conference, but **the Administration requested no funds for it last year or this year**. Congress allocated $350,000 for UNCED in the FY91 appropriations bill, but until recently these funds were sequestered by the State Department Budget Office.

The U.S. Administration gave a clear signal of commitment to the first UN environmental conference held in Stockholm in 1972, which had a narrower agenda than the 1992 UNCED. The government worked closely with the Conference Secretariat over the two years of preparation for the Conference and achieved the creation of the United Nations Environment Program.

In contrast, the current Administration and Department of State have requested no funds for UNCED and have restricted the experts from other agencies from attending, although this conference addresses the question of economic development in conjunction with environment. This is hard to understand when the U.S. government is advocating an enhanced role for the United Nations with regard to global security and environmental issues.

CAPE '92 recommends the following:

(a) **For FY92, the sum of $500,000 should be allocated to the secretariat that has been set up by the Assistant Secretary for Oceans and International and Environmental Scientific Affairs to coordinate US preparations for UNCED.**

This secretariat urgently needs funding for:
--staffing: There is no administrative staff support;
--office equipment, especially computers to handle the enormous mass of information on this conference;
--operating funds for attendance at UNCED Preparatory Committee meetings, other relevant international and domestic meetings, and the Conference itself in Rio de Janeiro. **Of these funds, $40,000 should be earmarked for attendance of three non-governmental organization representatives on the US delegation to such meetings.** The three NGO representatives on the US delegation to the most recent Preparatory Committee meeting in Geneva March 18-April 5 covered all of their own costs, which averaged $6,500 per delegation member. Congressional staff on the delegation are currently covered by State Department funds; nongovernmental advisors to some other US delegations are covered. The State Department needs to draw on the advice of Congressional and non-governmental groups, but under current conditions only a few organizations are able to offer their services. There will be two to three preparatory meetings before the Conference itself, two in the next fiscal year.
--Discretionary funds for commissioning research on substantive issues. Development of papers depends at present on staff seconded by agencies in an inter-agency process. There is need for research on issues where it is impossible to second staff or where additional expertise is not available without funds.

(b) The U.S. Administration has repeatedly expressed concern about the uneven level of expertise of the delegations attending international conferences on environmental issues. Several Funds have been set up to address this concern. **CAPE '92 recommends that contributions to these Funds be made in the following amounts:**
-$300, 000 to the UNCED Voluntary Fund, which has been set up to help developing countries meet the cost of sending experts to meetings. Thus far, Norway has contributed $300,000; Finland $203,000; Sweden $200,000; Canada $180,000; the Netherlands $100,000; Singapore $50,000; the United Kingdom $50,000; and Myanmar $500. These sums still largely fail to meet the goal of ensuring travel and subsistence allowance for one delegate from each developing country to attend the Preparatory Committee meetings. The purpose of this assistance is to allow experts, instead or in addition to local or United Nations envoys, to attend such meetings, and to help secure substantive input from developing countries.
-$300,000 to the UNCED Trust Fund; this Fund helps the UNCED Secretariat hire expert staff, provide specialized studies and establish a global information network. Thus far, Sweden has contributed $3,000,000;

the Netherlands $1,370,000; Canada $1,124,000; Norway 955,000; Finland $578,000; the United Kingdom $162,500; and Switzerland $80,000.

-**$200,000 to the International Facilitating Committee Trust Fund** to assist non-governmental organizations from developing countries in attending UNCED Preparatory Committee meetings and the Conference itself and thus help broaden public participation in UNCED.

-**$200,000 to the Intergovernmental Negotiating Committee (INC) Trust Fund on climate change,** which helps experts from developing countries attend the INC meetings. The INC is the forum for negotiations on a climate convention that is expected to be ready for acceptance at UNCED in 1992.

NATIONAL ENDOWMENT FOR CHILDREN'S EDUCATIONAL TELEVISION

STATEMENT OF DAVID V.B. BRITT, PRESIDENT/CHIEF EXECUTIVE OFFICER, CHILDREN'S TELEVISION WORKSHOP

Mr. Chairman and Members of the Subcommittee:

I'm David Britt, President/Chief Executive Officer of Children's Television Workshop. I welcome this opportunity to address you about the new National Endowment for Children's Educational Television, which I hope will become a national advocate for excellence in children's educational programming.

At Children's Television Workshop, we are particularly grateful for the creation of the National Endowment. Our mission is to use mass communications to educate young people, mostly in informal ways. Over the last twenty-two years, we have produced Sesame Street and other educational programming for children, including The Electric Company, 3-2-1 CONTACT, and Square One TV. We are about to launch an important new project, which will tackle illiteracy by helping seven- to ten-year olds learn to read with understanding and write coherently.

I want to tell you about what educational television has accomplished, and what more it could accomplish with the backing of the National Endowment.

In 1969, we expected Sesame Street to inspire many imitators that would turn the tide of children's television towards education. Instead, the situation has actually deteriorated. Today, none of the three major networks carries a daily educational program for children. Right now, children's educational programming is synonymous with public television, which is so inconsistently funded that it has to rely heavily on repeats.

That's a terrible waste, because we have conclusive evidence that quality educational programming works. It can help improve learning opportunities for all American children, rich and poor, white and of color.

For example, educational television inspires children to keep learning once the set is turned off. A study funded by the National Science Foundation found that 3-2-1 CONTACT, our science series for eight- to twelve-year olds, spurs young viewers' interest in science. Over half of these viewers subsequently get involved in some activity related to science, such as reading about science or conducting experiments.

Last month, another study found that regular viewers of Square One TV, our mathematics series for eight to twelve-year olds, are better equipped to solve mathematical problems--regardless of their race, gender, or socioeconomic background. Regular viewers also come to class more enthusiastic about mathematics.

Finally, over the last 22 years, nearly 50 million preschoolers in all kinds of socioeconomic circumstances throughout the United States have learned cognitive skills and effectively prepared for school by watching Sesame Street. Those who watch more, learn more.

Television's reach has made federal investment in educational children's programming enormously cost effective. For example, from Sesame Street's inception, the government's total tuition bill for the series has been less than 75 cents per young graduate. And every year, that cost declines as Sesame Street reaches and teaches more preschoolers--without needing more federal dollars.

Children's educational programming works, and we need to extend it further. The National Endowment for Children's Educational Television can help accomplish this purpose in the following ways:

- It can begin now to provide lead funding to develop and produce new national educational projects. National programming can be assessible to all children, and maintain cost effectiveness. I hope that in its first two years, the Endowment will provide a few major grants of say, $500,000 or more, rather than many smaller grants. Ultimately, the Endowment should help sustain long-term funding for projects that prove their value.

- The Endowment should foster research and build a national information base on the effects of children's educational television. Then it can further understanding of how to design, implement, and evaluate educational programming.

The Endowment should identify emerging needs and opportunities to reach children with educational programming. One striking example is child care and after-school programs, which will continue to expand rapidly in the 1990s.

The Endowment also can find ways to enlist parents and teachers in educating children through television.

- The Endowment should advocate the use of educational television for children of all ages to other government agencies, private foundations, states, corporations, commercial broadcasters, and even local stations. Public television should not be the only place on the dial for educational children's programming.

- Finally--and in many ways, most importantly--the Endowment should report annually to Congress on the state of children's programming, especially educational programming. This report should encompass progress--or lack thereof--by networks, cable services, and independent broadcasters, as well as public television. Everyone associated with the medium is responsible for what children watch.

With your support, the National Endowment for Children's Educational Television can provide significant leadership as a stimulus, supporter, and advocate for substantive programming that will provide cost effective education for all our children. I urge you to provide the Endowment with the $4 million authorized under the Commerce Department for FY 1992.

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